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UNITED STATES OF AMERICA
ENVIRONMENTAL PROTECTION AGENCY

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1717 Arch Street, 50th Floor
Philadelphia, Pennsylvania
Wednesday, June 9, 1999
10:00 a.m.

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CONTROL OF AIR POLLUTION :
FROM NEW MOTOR VEHICLES: :

9

PROPOSED TIER 2 MOTOR :

10

VEHICLE EMISSIONS STANDARDS :

AND GASOLINE SULFUR CONTROL :

11

REQUIREMENTS : NO. A-97-10

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- - -

13

PRESENT:

MARGO OGE

14

BARRY McNUTT

DAWN MARTIN

15

CHET FRANCE

JUDY KATZ

16

SUSMITA DUBEY

GLENN PASSAVANT

17

MICHAEL HOROWITZ

KARL SIMON

18

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REPORTED BY: BERNADETTE BLACK, RMR, Notary Public
LISA C. BRADLEY, RPR, Notary Public

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P R O C E E D I N G S

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MS. KATZ: Good morning. My name is
Judy Katz. I am the director of the Air Division of
EPA in Philadelphia. And as a ranking EPA official
stationed in Philadelphia, it is my distinct
pleasure to welcome you all here today to our public
hearing on the Tier 2 standards.

As you may well know, this is one of the
most important regulations for the administration.
We've worked on it for a long time. In its
development we tried to reach out to all sorts of
groups, to members of various industries, to
environmentalists, to state and local officials.

And this public hearing today, which is
one of four public hearings being held across the
country this week and next week, is another part of
our attempt to leave Washington, to get out so that
we can really hear what people have to say, what
they are thinking about with this regulation.

We believe that the passage of this
regulation is very important to the protection of
clean air for all of the American public, but we
would like to spend the next couple of days hearing
what is on your mind.

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So without further ado, I am hoping we
will have a very productive two days. And thanks
for coming.

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MS. OGE: Thank you, Judy. And thank
you for the moderate air quality day. It was pretty
hot yesterday.

8

9

MS. KATZ: It certainly was. It was a
code red in Philadelphia.

10

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MS. OGE: Good morning. On behalf of
EPA, I also would like to thank you for coming here
and welcome all of you to today's hearing. We
really are looking forward to supporting you and to
hearing your views on a proposed program we believe
is absolutely critical for the future of air quality
in this country.

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My name is Margo Oge. I am the director
of the Office of Mobile Sources with EPA, and I will
be serving as the presiding officer for today's
hearing. And when I have to step out, the lady next
to me, Dawn Martin, will take over for a few
minutes.

23

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Over the next two days we will be
hearing testimony on EPA's proposed rulemaking for
cleaner cars and light-duty trucks and low sulfur

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2 gasoline or the Tier 2 Program.

3

4 The proposed regulations we are
5 considering today were announced by President
6 Clinton on May 1, 1999 and published in the "Federal
7 Register" on May 13, 1999.

8

9 We believe that this is a historic
10 proposal. This program will see a dramatic
11 reduction in air pollution for the 21st Century and
12 we will do it in the most cost-reflective and
13 flexible ways.

14

15 We estimate that emission reductions of
16 almost 2.2 million tons per year by 2020 of NOx will
17 be reduced by this program. This is equivalent to
18 removing 166 million vehicles from the road.

19

20 EPA follows several principles in
21 developing this proposal. We wanted this program to
22 be able to meet the air quality needs of the state
23 and the nation as a whole. We wanted to treat autos
24 and fuels as one system, and this is the first time
25 that the Agency has done that.

26

27 We want to bring the sport-utility
28 vehicles, minivans, light-duty trucks the same
29 emission standards as other passenger vehicles. We
30 want to put the program in place that is

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2 fuel-neutral; that is to meet the same standards
3 regardless of the fuel that is used.

4

5 We then want to not constrain consumer
6 choices of vehicles or driving styles either through
7 cost or through technological factors. And finally,
8 we want to provide flexibility for industries in
9 helping achieve the standards.

9

10 At the same time we published the Tier 2
11 Proposal, EPA released an advanced notice of a
12 proposed rulemaking concerning diesel fuel quality.
13 We are not seeking testimony specifically on the
14 diesel fuel program today; however, we have
15 established a separate docket -- and I will give you
16 the number, A99-06 -- for commenting this morning.

16

17 Many of you are probably aware of the
18 two recent Court of Appeals decisions regarding EPA
19 air pollution programs. The first decision did not
20 question the science on which EPA relied to develop
21 the health standards not criticized EPA's
22 decision-making process.

22

23 The Court, however, found that the Clean
24 Air Act applied in setting new public health and air
25 quality standards for ozone in particular is
unconstitutional, and the Court felt that this was

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2 an important, improper delegation of legislative
3 authority to EPA.

4

5 EPA disagrees with the Court's decision,
6 and EPA has recommended to the Department of Justice
7 that they take all necessary judicial steps to
8 overturn the decision.

9

10 The second decision states the submittal
11 of state plans under the NOx SIP call, which has
12 been scheduled for this fall. We closely reviewed
13 these decisions, both the maximum air quality court
14 decision and the NOx SIP call. And we concluded
15 that they did not impact the Tier 2 rulemaking.

16

17 The Tier 2 proposal remains on solid
18 grounds in terms of air quality need, technological
19 capability, cost, and cost-effectiveness.

20

21 Over 70 million Americans are breathing
22 unhealthy air today, and this trend will continue
23 unless we take action now.

24

25 Despite programs that we have put in
place, like the voluntary National Low Emission
Vehicle Program, reformulated gasoline, the NOx SIP
call, we believe that the Tier 2 standards as
proposed are needed to attain and maintain the
one-hour air quality standards.

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And we believe this proposal is
technologically feasible and it is cost-effective.

3 The projected costs of meeting this proposal are

4 about \$100 for cars, \$100 for light-duty trucks,

5 between 1 and 2 cents per gallon in gasoline. We

6 believe the benefits, public health benefits, of

7 this proposal outweigh the cost of this proposal.

8

9 Even though our cars and trucks are much
10 cleaner today than ever before, they still

11 contribute to a large part of our air pollution.

12 Today Philadelphia, for example, at least

13 one-quarter of the NOx emissions inventory is due to

14 this source.

15

We Americans love to drive and we are

16 driving more than ever. If we don't act today, the

17 emissions from our cars and light-duty trucks

18 combined with the current levels of sulfur in our

19 gasoline, we threaten to erode many of the air

20 quality gains that we have made in recent years with

21 programs like NLEV, Gasoline Across the Country.

22

For the first time in this proposal we

23 are addressing vehicles in the system -- we are not

24 looking only at cars that we drive but also the fuel

25 that we use. Because sulfur poisons the

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2 antipollution devices in vehicles, we are proposing
3 to cut the sulfur content of gasoline by 90 percent.

4

5 The proposal contains two primary
6 elements: First, EPA proposed more protective
7 emission standards for all light-duty vehicles and
8 light-duty trucks. The proposed Tier 2 standards
9 will require all vehicles and trucks weighing up to
10 8500 pounds to meet a corporate average NOx standard
11 of 0.07 grams per mile.

12

13 The new standard will result in cars
14 that are 77 percent cleaner and SUVs, minivans and
15 pick-up trucks as much as 95 percent cleaner than
16 today's model.

17

18 In addition, we propose a new, useful
19 life requirement on evaporative emissions, and we
20 also have addressed ppm emissions and hydrocarbons.

21

22 The second main element of the Tier 2
23 proposal is a nationwide control of sulfur in
24 gasoline. The Tier 2 standards cannot be met
25 without cleaner fuel.

26

27 EPA proposed requirements for low sulfur
28 gasoline because sulfur degrades the performance of
29 vehicle and emission control systems, and that is
30 increasing harmful emissions.

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2 With cleaner fuel, not only the Tier 2
3 vehicles will benefit and run cleaner but also the
4 cars that we drive today will benefit. We find
5 refiners and importers of gasoline would be required
6 to meet a new sulfur limit of 30 parts per million
7 on the average beginning in 2002 time frame, with a
8 voluntary banking and trading program, that could
9 introduce cleaner fuel in the marketplace as early
10 as the 2000 time frame, and could extend compliance
11 to 2006 time frame.

12 EPA supported the proposed Tier 2
13 vehicle and low sulfur fuel standards with a number
14 of proposals designed to provide flexibility to
15 vehicle manufacturers and refiners including -- we
16 had proposals that would provide more flexibility to
17 small business like small refineries.

18 Now, before we start with today's
19 testimony, I will take a few minutes to introduce
20 the panel and describe how we will conduct this
21 hearing.

22 With me today you've already met Judy
23 Katz; this is the Air Director of our office in
24 Philadelphia. On my left is Chet France; he is the
25 director of the Engines and Compliance program with

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2 EPA.

3

On my right is Dawn Martin; she is the
Chief of Staff of the Office of Air and Radiation.

5

And we also have Barry McNutt. Mr.
McNutt is with the Department of Engineering.

7

This will be a two-day hearing, and it
is the first in a series of four public hearings on
the Tier 2 proposed rulemaking. We will hear
testimony from witnesses offering a broad range of
perspectives on both days.

12

We have received an overwhelming number
of requests to testify, and we are delighted for
that. And we will try as hard as we can to
accommodate everyone.

16

We would ask the witnesses that are
planning to testify today to try to keep their
remarks to less than ten minutes, if possible, so we
can accommodate everybody.

19

We are conducting this hearing in
accordance with Section 307-D5 of the Clean Air Act,
which requires EPA to provide interested persons
with an opportunity for oral presentation of data,
views or arguments in addition to an opportunity to
make written submissions.

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The comment period and the record for
this hearing will remain open until August 2nd, 1999
for additional written comments.

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The hearing will be conducted informally
and formal rules of evidence will not apply.

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The presiding officer, however -- that
is myself -- is authorized to strike from the record
statements which are deemed irrelevant or needlessly
repetitious and to enforce reasonable limits on the
duration of the segment of any witness.

As you are testifying, Ted Weiss, who is
sitting in the front row, will try to help you by
giving you a sense of how far you have to go, maybe
one minute to go. We ask that you look at Ted for
another minute, then please stop.

We request that witnesses state their
names and affiliation prior to making their
statement.

When a witness has finished his or her
presentation, members of the panel may ask the
person questions concerning their testimony.

Witnesses are reminded that any false
statement or false response to questions may be a
violation of the law.

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3 If there are any members of the audience
4 who wish to testify who have not already signed up,
5 please submit your names to the reception table.

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8 I would also ask that all attendees
9 without regards to your testifying or not, please
10 sign.

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26 Because of the large number of witnesses
27 who have signed to testify today, this hearing will
28 go until late evening hours. We are planning to
29 stay here until 10 o'clock. All of you are
30 welcome. And the building will shut down at 10:00,
31 so we have to continue tomorrow.
32 But we do plan to break for lunch and if
33 we need to, have a break for dinner. We will see
34 how we are doing for time.
35 We must request that you refrain from
36 bringing food into the meeting room due to the terms
37 of our contract with this facility.
38 And finally, if you would like to get a
39 copy of the transcript of this proceeding, you
40 should make arrangements directly with the court
41 reporter during one of the breaks.
42 The transcripts of this hearing will be
43 available in the docket within two weeks.

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1 Bill Becker - STAPPA/ALAPCO

2 Now, before we begin the testimony, let
3 me know if there are any questions.

4 If not, I will introduce our first group
5 of speakers.

6 The first group of speakers, as I call
7 your names, please come up. Mr. Bill Becker, with
8 STAPPA/ALAPCO; Mr. Bill O'Keefe with American
9 Petroleum Institute; Ms. Josephine Cooper with the
10 Alliance of Automobile Manufacturers; Mr. Blake
11 Early with American Lung Association; Ms. Happy
12 Fernandez, recent mayoral candidate.

13 I guess Ms. Fernandez is not available.
14 Okay.

15 Mr. Becker, we will start with you.

16 MR. BECKER: Good morning. My name is
17 Bill Becker, and I am the executive director of
18 STAPPA, the State and Territorial Air Pollution
19 Programming Administrators, and ALAPCO, the
20 Association of Local Air Pollution Control
21 Officials, the two national associations of air
22 quality officials in the 55 states, territories and
23 more than 165 major metropolitan areas throughout
24 the country.

25 I am pleased to be here this morning to

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1 Bill Becker - STAPPA/ALAPCO

2 testify on behalf of the associations on EPA's
3 proposed Tier 2 motor vehicle emissions standards
4 and program to reduce sulfur in gasoline as well as
5 offer a few comments on the Agency's Advance Notice
6 of Proposed Rulemaking on diesel fuel.

7 On behalf of STAPPA and ALAPCO, I would
8 first like to commend EPA for its leadership in not
9 only issuing the Tier 2 and gasoline sulfur proposal
10 but also for developing such a strong and
11 comprehensive package.

12 We first commend EPA for responsibly
13 taking full advantage of the opportunity to
14 efficiently and cost-effectively reduce a wide
15 variety of emissions, for pursuing a systems
16 approach that addresses both fuels and tailpipe
17 emissions, and for engaging in such a thorough,
18 thoughtful and inclusive process to craft this
19 proposal.

20 We're especially pleased that the
21 proposed Tier 2 and gasoline sulfur programs
22 directly reflect almost every key recommendation
23 made by our associations over the past two years.
24 These programs, which will define our ability to
25 control emissions from cars and light-duty trucks

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1 Bill Becker - STAPPA/ALAPCO
2 for the next 15 years or more, are of vital
3 importance to state and local air pollution control
4 officials.

5 For this reason in October of 1977 and
6 again in April of 1998, our associations adopted
7 with overwhelming support resolutions calling for
8 stringent low sulfur gasoline and Tier 2 programs.
9 And I've attached copies of both of those
10 resolutions to my statement.

11 We have placed the highest priority on
12 participating in the rule-development process, and
13 are proud that EPA has concluded that the most
14 appropriate programs most clearly mirror those for
15 which we have advocated.

16 As the officials with primary
17 responsibility for achieving and maintaining clean,
18 healthful air across the country, state and local
19 agencies are keenly aware of the need to
20 aggressively pursue emission reductions from all
21 sectors of the economy that contribute to our
22 nation's air quality problems.

23 We believe that the potential air
24 quality benefits that result from cutting emissions
25 from light-duty vehicles or light-duty trucks and

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1 Bill Becker - STAPPA/ALAPCO
2 reducing sulfur in gasoline as the Agency has
3 proposed are huge.

4 These proposed programs will allow us to
5 make significant strides in our efforts to deliver
6 and sustain clean air by resulting in our
7 facilitating substantial much-needed emission
8 reductions across the country.

9 These reductions will play a pivotal
10 role in addressing an array of air quality problems
11 that continue to pose health and welfare risks
12 nationwide.

13 While much of the debate surrounding the
14 air quality need for Tier 2 and low sulfur gasoline
15 seems to have gravitated towards ozone, it is
16 imperative that we not overlook the many other
17 important air quality benefits of this proposal, to
18 be realized both by non-attainment areas and
19 attainment areas and by Eastern states and Western
20 states.

21 While this proposal will, indeed,
22 decrease emissions of hydrocarbons and nitrogen
23 oxides, which, in turn, lead to reduced levels of
24 ambient ozone, it will also decrease particulate
25 matter and carbon monoxide emissions; it will

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1 Bill Becker - STAPPA/ALAPCO
2 improve visibility; it will address acid rain
3 problems; and it will reduce greenhouse gases and
4 toxic air pollution.

5 In addition to the substantial
6 reductions to occur from this proposal, it will
7 further the objectives of pollution prevention.

8 Additionally, the proposed programs will
9 achieve these important air quality improvements in
10 an extremely cost-effective manner.

11 At approximately 2,000 tons -- \$2,000
12 per ton of NOx and VOC are removed, as estimated not
13 only been by the Environmental Protection Agency but
14 also the Office of Management Budget, these programs
15 are at least as cost-effective, if not more so, than
16 almost every other control program that is under
17 contribution by state and local air pollution
18 regulators today.

19 And as and I mentioned, the dividends
20 are huge.

21 There are some components of the
22 proposal which we have concerns and will offer
23 recommendations to address these.

24 Nonetheless, our association is
25 congratulating EPA for issuing a proposal that we

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1 Bill Becker - STAPPA/ALAPCO

2 believe provides a sound framework that's not only
3 environmentally but economically being responsible
4 in terms of implementing Tier 2 and gasoline sulfur
5 programs.

6 First, we support -- we strongly support
7 what we believe are the cornerstones of the proposed
8 Tier 2 programs. Specifically, we are very pleased
9 that the proposal cost-effectively achieves real-
10 world emission reductions from the new light-duty
11 vehicles and light-duty trucks;

12 Reflects new and emerging vehicle and
13 emissions control technologies currently available
14 and expects to be available in 2004 and beyond;

15 Applies to light-duty vehicles and
16 light-duty trucks up to 8500 pounds, including
17 sport-utility vehicles, pick-up trucks and vans,
18 beginning in 2004;

19 Subjects light-duty trucks up to 8500
20 pounds to the same emissions standards as cars and
21 lighter trucks, and includes a corporate average NOx
22 standard for all effective vehicles;

23 Establishes fuel-neutral standards
24 applying the same emission standards irrespective of
25 the type of fuel used to power a vehicle;

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1 Bill Becker - STAPPA/ALAPCO

2 Includes more stringent evaporative
3 emission standards;

4 And extends the useful life of the
5 vehicle to 120,000 miles.

6 These program components are right on
7 target for a truly effective national motor vehicle
8 control program.

9 We are, however, concerned that several
10 provisions included in the proposal or raised for
11 public comment could significantly undercut the
12 program. And while we will fully articulate these
13 concerns in our forthcoming written comments, I
14 would like to highlight a few at this time.

15 First is the issue of timing. EPA
16 proposes to allow larger SUVs, vans and trucks,
17 those from 6,000 to 8500 pounds, until 2009, ten
18 years from today, to meet the Tier 2 standards.

19 Given the significant and ever-growing
20 share of the market comprised by these heavier
21 trucks and the substantial impact these emissions
22 have on our ability to achieve and maintain clean
23 air goals, we question the need for this additional
24 time and recommend the phase-in for the standards be
25 final by 2007 when cars and lighter trucks are

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1 Bill Becker - STAPPA/ALAPCO
2 required to comply.

3 Second is the issue of the technology
4 review. EPA seeks comments on whether to include a
5 technology review of the Tier 2 standards, perhaps
6 in a 2004 time frame, before the standards for
7 heavier light-duty trucks take effect.

8 There is a substantial lead time
9 provided in the proposal, and we find the notion for
10 a formal technology review to be inappropriate and
11 unnecessary and strongly urge the provisions for it
12 not be included in the final rule.

13 A third area of concern is the degree
14 of flexibility offered with respect to certain
15 provisions of the proposal. We certainly agree with
16 EPA that there should be some measure of flexibility
17 included in the Tier 2 program and find that several
18 of the approaches provided to be entirely
19 appropriate.

20 However, we are quite concerned with
21 various aspects of some of the proposed provisions.
22 With respect to some of the averaging, banking and
23 trading programs, we believe it is inappropriate to
24 provide a year for manufacturers to make up for any
25 credit shortfall. Participants in the ABT program

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2 should be required to meet their targets on time
3 like other sectors of the economy.

4 Regarding the bins included in the
5 proposal, we note that to increase flexibility for
6 vehicle manufacturers, EPA has added several bins in
7 addition to those included in the California LEV 2
8 program, and that standards comprised of these
9 initial bins are relatively weak.

10 We are concerned by the approach taken
11 for Bin 3, which includes a higher NMOG standard
12 than Bin 4. Further, we find Bins 6 and 7 to be
13 excessive in terms of their leniency.

14 Finally, regarding the applicability of
15 the Tier 2 standards, given the continuing trend
16 toward heavier light-duty trucks over 8500 pounds,
17 we encourage EPA to consider applying the Tier 2
18 standards to those SUVs, pick-up trucks, and
19 full-size vans weighing over 8500 pounds up to
20 10,000 pounds used predominately for personal
21 transportation.

22 As with the Tier 2 program, STAPPA and
23 ALAPCO also believe EPA has done a fine job in
24 establishing the key parameters for the proposal of
25 the low sulfur gasoline program.

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1 Bill Becker - STAPPA/ALAPCO

2 We like the fact that it establishes
3 uniform, national year-round standards which sharply
4 reduces sulfur in gasoline;

5 It sets a gasoline sulfur standard of 30
6 parts per million on average to take effect in 2004
7 and includes a cap of 80 parts per million;

8 Includes flexibility to minimize the
9 cost and compliance burden be applied to affected
10 parties;

11 And provides incentives for refineries
12 to reduce sulfur levels prior to the 2004 effective
13 date.

14 We conducted an analysis last spring
15 that concluded a national low sulfur gasoline
16 program of this scope will achieve overnight
17 emission reductions that are equivalent to taking 54
18 million vehicles off the road. Further, throughout
19 a debate surrounding gasoline/sulfur, the issue of a
20 national versus regional program has been
21 paramount. We are gratified that EPA has proposed a
22 low sulfur gasoline standard applied uniformly
23 nationwide.

24 This approach will forestall the very
25 real and detrimental impacts of irreversible

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1 Bill Becker - STAPPA/ALAPCO

2 catalyst poisoning and will do so in such a way that
3 is both inexpensive and cost-effective. It is
4 absolutely essential that EPA preserve these
5 provisions as well as the proposed effective date of
6 2004.

7 And as we indicated regarding Tier 2
8 standards, while we are certainly pleased with the
9 framework and elements of the proposal, there are
10 some provisions that are of considerable concern to
11 us, which we will address in our forthcoming written
12 comments.

13 We are concerned that the phase-ins of
14 the cap is excessive. We agree it may be
15 appropriate to allow refiners that participated in
16 the ABT program with some extra time, as you have
17 until 2006, we find that the 300 part per million
18 interim cap can be far too high.

19 Further, for those that do not
20 participate in the ABT program, we find the 300 part
21 per million interim cap to be inappropriate and urge
22 the 80 part per million cap apply beginning 2004.

23 Second, we recognize the current New
24 Source Review program is in need of streamlining.
25 And while we and many others are currently working

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1 Bill Becker - STAPPA/ALAPCO

2 with EPA and other stakeholders to reform New Source
3 Review, we do question the extent to which you are
4 suggesting certain streamlining changes including
5 the use of mobile source emission reductions as
6 offsets for stationary standards and waivers for
7 small refineries. We think those may be
8 problematic.

9 Finally, before I conclude, I just want
10 to congratulate you for acknowledging the need to
11 reduce sulfur and diesel fuel and for issuing an
12 Advance Notice of Proposed Rulemaking on it.

13 Attached to my testimony is the recent
14 resolution that STAPPA and ALAPCO overwhelmingly
15 adopted just two weeks ago. It calls for:

16 A national cap on sulfur in non-road
17 diesel fuel, including not only construction and
18 agriculture equipment but locomotives and marine
19 engines, of 500 parts per million to take effect
20 before 2004;

21 It calls for a national cap on sulfur in
22 both on-road and non-road diesel fuel of 30 parts
23 per million to take effect by 2004;

24 And it calls for yet another phase of
25 regulation based on additional study to take effect

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1 Bill Becker - STAPPA/ALAPCO
2 below 30 parts per million by 2007.

3 And we also suggest, as EPA did in its
4 proposal on diesel sulfur -- on sulfur in gasoline,
5 regulatory flexibility.

6 Let me conclude by again congratulating
7 EPA on really seizing the opportunity to take a huge
8 step forward in achieving much cleaner air. We
9 commend your thorough process, your conscientious
10 inclusion of all stakeholders and consideration of
11 their views, and most of all your leadership in
12 proposing fundamentally strong programs that are
13 feasible, that are cost-effective, and are
14 environmentally responsible.

15 We urge that as you engage in efforts to
16 develop a final rule for Tier 2 motor vehicle
17 standards and low sulfur gasoline you preserve
18 undiminished the key elements that you have
19 identified and refine those aspects of the proposal
20 that could undermine the tremendous potential of
21 these programs.

22 Finally, we stress the need for the
23 Agency to act in a timely manner so that these
24 important programs will begin in the time frame
25 identified in the proposal.

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1 William O'Keefe - American Petroleum Institute
2 On behalf of our association, I offer to
3 you our continued cooperation and partnership as you
4 move forward.

5 Thank you.

6 MS. OGE: Thank you.

7 Mr. O'Keefe.

8 MR. O'KEEFE: Thank you.

9 My name is Bill O'Keefe. I am the
10 executive vice-president of the American Petroleum
11 Institute, and I appreciate having this opportunity
12 to present our views on EPA's gasoline and sulfur
13 proposal.

14 At the beginning, I would like to be
15 very clear on basic issues. The petroleum industry
16 agrees that gasoline sulfur should be reduced to
17 help cut vehicle emissions and improve air quality.
18 Nevertheless, we strongly believe that the Agency's
19 program is driven by a questionable assumption about
20 cost, catalyst technology, environmental need and
21 benefits, and a failure to take into account
22 regional air quality differences. That is our view
23 even before we support appeal decisions.

24 Now, we believe a complete reevaluation
25 is called for, one that would also reduce the risk

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1 William O'Keefe - American Petroleum Institute
2 of further litigation.

3 More than a year ago the petroleum
4 industry began discussions with the EPA on
5 approaches to reducing gasoline and sulfur. We
6 provided the Agency with extensive information on
7 cost, cost-effectiveness, desulfurization
8 technology, sulfur impacts on catalysts and
9 potential impacts on the supply and distribution of
10 gasoline.

11 We stressed then, and I want to stress
12 again, a willingness to work with the Agency and
13 auto-makers on a program that addresses fuels and
14 vehicles as a system. Based on that dialog, we
15 proposed a cost-effective plan for reducing gasoline
16 sulfur that has been endorsed by virtually the
17 entire U.S. refining industry.

18 Our proposal would cut emissions
19 substantially beginning January 1, 2004 with a
20 commitment to additional reductions later. Unless
21 found unnecessary by an industry EPA Assessment of
22 Need, we appreciate seeing that many of our ideas
23 are reflected at preamble; however, I must
24 acknowledge our disappointment at a lack of impact
25 of key decisions.

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1 William O'Keefe - American Petroleum Institute

2 In deciding your path forward, please

3 keep in mind the following points:

4 First, a compelling case for a

5 nationwide fuel has yet to be made. A stringent

6 nationwide sulfur standard is not needed for clean

7 air improvements and would be unnecessarily costly.

8 Most parts of the nation, including most areas west

9 of the Mississippi, already enjoy good air quality

10 and will not benefit significantly from this

11 proposal.

12 Elsewhere, especially in the Northeast,

13 large reductions are in order, and we have proposed

14 them. Air quality there still does not meet federal

15 standards but it has been improving.

16 Imposing essentially a California

17 Gasoline coast-to-coast means that millions of

18 people would pay for something that provides no

19 significant benefit to them or the air quality where

20 they live. A farmer in Iowa or a business owner in

21 Oklahoma would pay the same costs to manufacture

22 gasoline as an investment banker in New York and be

23 required to buy much more of it with longer driving

24 distances.

25 The potential difference in cost to

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1 William O'Keefe - American Petroleum Institute
2 consumers has been cited as only \$25 a year;
3 however, averages mask much that is important.

4 While we in this room may not think
5 twice about paying an average of \$25 a year more for
6 gasoline, the same is not true for those on fixed or
7 below-median incomes. For them the trade-off may
8 involve basic necessities not fewer cups of
9 Starbucks Coffee.

10 These are a few of the proposals for
11 potential unintentional consequences, but they are
12 real and should not be glossed over. Calculating
13 the cost increase for an average individual also
14 masks the fact that we are talking about capital
15 expenditure on the order of \$7 billion by an
16 industry that has earned over this decade an average
17 return of 3 percent.

18 Spending billions of dollars on
19 environmental improvements would be justified if the
20 benefits were significant and substantial. But
21 they're clearly doubtful here especially for vast
22 areas of our nation.

23 Moreover even where pollution levels are
24 higher, the benefits are questionable because they
25 are based on questionable analyses.

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1 William O'Keefe - American Petroleum Institute

2 Since the purpose of this regulation is
3 to help achieve ambient air quality standards, EPA
4 must look at the contributions the rule will make to
5 attaining the existing one-hour ozone PM standards.

6 Furthermore, EPA should prepare the cost
7 of other measures such as controls on utilities or
8 large manufacturing plants.

9 When judged by the statutory criteria of
10 cost versus benefits, the proposal comes up short.
11 First, because the nation is already close to
12 attaining the existing ozone and PM standards, the
13 proposed requirements are clearly excessive.

14 As the proposal itself indicates all but
15 eight metropolitan areas and two rural counties in
16 the OTAG Region are projected to reach attainment of
17 the ozone standard by 2007 even without these new
18 regulations.

19 Second, the proposal is not cost-
20 effective. Based on earlier analyses that we
21 conducted, a 40 ppm average gasoline sulfur level
22 coupled with the Clean Air Act of the so called Tier
23 2 standards, it will cost \$23,000 a ton. This is
24 well above other emission controls such as less than
25 \$250 a ton for acid rain NOx controls or less than

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1 William O'Keefe - American Petroleum Institute
2 \$2,000 a ton on controls for utility NOx emissions.

3 EPA and auto-makers maintain that sulfur
4 impacts on catalysts require a uniform stringent
5 sulfur standard. Sulfur does reduce catalyst
6 efficiencies, but effects vary depending on the
7 types of emission control technology.

8 Peer-reviewed research has confirmed
9 that cars already on the road have emissions that
10 are not much effected by sulfur levels and that when
11 a car switches from a higher sulfur to a lower
12 sulfur gasoline, catalyst efficiency improves as the
13 vehicle is driven normally.

14 In addition, we are not talking about
15 large impacts on air quality, and that ought to be
16 the measure, and not having cars off the road or
17 tons of emissions. OTAG analysis of stringent, low
18 sulfur fuels demonstrated very small incremental
19 ozone benefits and not at all in some cities.

20 The auto-makers also insist that a
21 stringent, national requirement is necessary;
22 however, since they admit that they do not know what
23 technology they will employ to meet the Tier 2
24 standards, it is somewhat ironic that they can be so
25 certain about the sulfur level needed.

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1 William O'Keefe - American Petroleum Institute

2 Timing is a particular concern.

3 Implementing the sulfur reductions on a proposed
4 schedule will be a daunting challenge. A large
5 number of refineries will need to undertake major
6 engineering modifications involving a lengthy permit
7 process, scheduling of contractors, ordering
8 equipment, completing construction.

9 All of this will take place when
10 refineries in Canada and Europe will also be making
11 major changes. It is not clear that there is
12 sufficient engineering and manufacturing capacity to
13 complete this task as quickly as the Agency has
14 assumed.

15 EPA's schedule could also prove a
16 serious obstacle to emerging desulfurization
17 technology that may reduce the cost of lowering
18 sulfur by as much as 50 percent.

19 EPA has assumed newer technology would
20 be used; hence, its optimistic cost estimates.
21 However, refineries are unlikely to use new
22 technology unless they are convinced it will do the
23 job and be installed on time.

24 Larger-than-necessary investments are
25 troubling prospects for an industry that has been

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1 William O'Keefe - American Petroleum Institute
2 earning less than CD rates. A longer phase-in
3 paralleled with the proposed tailpipe standard
4 implementation and higher sulfur caps will give more
5 time, commercialization of this technology by
6 helping to ensure that the nation's refining and
7 distribution system continues to supply customers
8 with ample, affordable quantities of fuel.

9 The U.S. refinery industry has been
10 running virtually flat out in recent years, and
11 these conditions will present a special challenge
12 during implementation, which is another reason for
13 more flexibility.

14 With no excess capacity and no slack
15 adjusting to disrupting consumer prices, it could be
16 affected, as recent experience in California has
17 demonstrated.

18 To conclude, EPA's proposal is directly
19 right but flawed in scope, timing and critical
20 assumptions. In spite of these criticisms, we
21 remain willing to work with the Agency to make the
22 gasoline sulfur rule practical and cost-effective.

23 We all share a common objective of clean
24 air for all Americans at the lowest possible cost.

25 Thank you.

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1 Josephine Cooper - The Alliance of Auto Manufacturers

2 MS. OGE: Thank you.

3 Ms. Cooper?

4 MS. COOPER: I am Josephine Cooper,

5 President of the Alliance of Automobile

6 Manufacturers Coalition of Car and Truck

7 Manufacturers.

8 With more than 642,000 employees in the
9 U.S. and 255 manufacturing facilities in 33 states,
10 the Alliance members represent more than 90 percent
11 of U.S. vehicle sales.

12 The automobile manufacturing industry
13 has done more than virtually any other industry in
14 reducing emissions over time. And we're very proud
15 of our record. Our commitment is evidenced in the
16 voluntary initiative, the national low-emissions
17 vehicle program under which you're already producing
18 cleaner vehicles sooner than EPA could have required
19 by law.

20 We now stand at the threshold of a major
21 rulemaking that will shape the relationship between
22 motor vehicles, fuels, and the environment over the
23 next 20 years; however, auto-makers cannot do it by
24 ourselves.

25 Much cleaner fuels are also needed to

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1 Josephine Cooper - The Alliance of Auto Manufacturers
2 make this program work. EPA has an opportunity to
3 clear a path for future advanced technology vehicles
4 and the ultra clean fuels needed to power them.

5 The Alliance fully supports the air
6 quality goals of this proposal. In fact, the
7 Alliance puts forward a proposal that can achieve
8 greater emission reductions than EPA's proposal.

9 The Alliance would propel us into the
10 next century with the cleanest fleet of vehicles in
11 the world, and in the process, it will further
12 reduce the emissions from both passenger cars and
13 light-duty trucks to near negligible levels.

14 Please note that the Alliance proposal
15 goes beyond proven technology, breaks new ground by
16 requiring that cars and light trucks meet the same
17 average NOx levels and assures significant NOx
18 reductions more than would be achieved with the EPA
19 proposal.

20 This is not a proposal that says it
21 can't be done or looks for a free ride. It is a
22 robust proposal that recognizes our industry's
23 approved role in helping the EPA reach its clean air
24 goals. We do not yet know how we will reach the
25 goals that we set in our own proposal, but we are

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1 Josephine Cooper - The Alliance of Auto Manufacturers
2 prepared to take on the challenge.

3 Our proposal addresses four critical
4 elements that must be part of any Tier 2 rule,
5 elements which must not get lost in the shuffle of
6 the rulemaking process, elements necessary for Tier
7 2 to be successful.

8 First, improved fuels including near
9 zero sulfur will be needed to reach the clean air
10 goals. Fuels in our autos operate as one system.
11 Near zero sulfur fuels are needed to enable the
12 introduction of technology required to meet the
13 tough new standards; improved volatility controls is
14 also needed.

15 It makes little sense to mandate the
16 production of world class vehicles and then run them
17 on second class fuels.

18 We applaud EPA's proposed reduction of
19 fuel sulfur level to an average of 30 ppm as a good
20 first step toward the fuel quality we would need to
21 reach our clean air goals. This is the sulfur level
22 that California has required since 1996. And along
23 with other properties, the cleaner-running gasoline
24 has been credited with providing major emission
25 benefits across the entire vehicle fleet.

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1 Josephine Cooper - The Alliance of Auto Manufacturers
2 Clearly the expansion of low sulfur fuel
3 from a California-only program to a nationwide
4 program is long-overdue.

5 However, it is not enough to stop
6 there. On the vehicle side, the Tier 2 rule is an
7 aggressive new program intended to document
8 technology forcing standards comparable to those
9 that California just adopted late in 1998.

10 Before this year is out, California will
11 also adopt a new fuel program to accompany its low
12 emissions vehicle program. Although the precise
13 outlines of the new fuels program have not been
14 established, it appears that California will be
15 taking another major step towards near zero sulfur
16 fuel.

17 We may need to take this critical second
18 step at the federal level as well. The Tier 2 rule
19 needs to recognize that 30 parts per million sulfur
20 is not an end point but rather a stepping stone on
21 the way to near zero sulfur fuels.

22 I am sure you are aware of these
23 points. As such, I would like to make a couple of
24 other points.

25 First, removing sulfur is feasible and

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1 Josephine Cooper - The Alliance of Auto Manufacturers
2 affordable. Technology for sulfur removal is
3 readily available and is in widespread use in
4 California, Japan, Europe and other areas of the
5 world. Recent announcements by ARCO, the BPM both
6 show that members of the refinery industry are
7 moving toward low sulfur fuels voluntarily.

8 Recently in the United Kingdom, Sweden
9 and Finland, refineries rush to take advantage of
10 the small incentives the government offered for the
11 early introduction of the ultra-low sulfur gasoline
12 and diesel fuel.

13 Notwithstanding our predictions to the
14 contrary, the evidence indicates that the Alliance
15 proposed sulfur levels can be achieved for a modest
16 cost.

17 Second, we need to get the sulfur out
18 nationwide. Simply put, sulfur is the lead of the
19 90s because of the way it poisons the catalyst.

20 Auto oil shows that catalysts subjected
21 to high sulfur fuels experience a loss of
22 effectiveness that cannot be recovered even after
23 extended operation on low sulfur fuel. Data show
24 that the reduction of catalyst emissions caused by
25 an increase in gasoline sulfur from 5 parts per

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1 Josephine Cooper - The Alliance of Auto Manufacturers
2 million to 30 parts per million can lead to a
3 doubling in exhaust emissions.

4 This means that a so-called regional
5 fuel program is not workable, because fuels --
6 vehicles traveling from a low sulfur region into a
7 high sulfur region would experience an unavoidable
8 degradation in the performance of the emission
9 control systems.

10 Thirdly, sulfur removal is an essential
11 enabler for new emissions control hardware and new
12 power transmittance. The next decade promises to
13 bring a revolution in the automobile industry; as a
14 matter of fact, it'll bring new technology that
15 changes the characteristic and the functionality of
16 vehicles.

17 Emission technology such as NOx traps
18 may enable advanced technology vehicles to achieve
19 significant improvements in fuel economy.

20 Fueled cell vehicles may yet attain as
21 of yet the elusive goal of near zero emissions.
22 That may appeal to a wide market. These and other
23 promising technologies are known to require near
24 zero sulfur. We can either put our heads in the
25 sand and ignore this fact or we can adopt

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1 Josephine Cooper - The Alliance of Auto Manufacturers
2 regulations now to ensure that the necessary fuel is
3 in place to allow technologies to begin to appear in
4 the marketplace.

5 Auto-makers need enough flexibility in
6 our time line on the rules to allow for the
7 invention of the technologies necessary to make this
8 a reality. The Alliance proposal agrees with EPA on
9 the end point of .07 grams per mile NOx fleet
10 emission averages for both passenger cars and
11 light-duty trucks; however, we take a slightly
12 different route to get there and for good reason.

13 We are breaking new ground and calling
14 for the same NOx fleet averages for both car and
15 light-duty trucks.

16 Getting there will take time and require
17 us to clear a number of technological procedures.
18 We are concerned that EPA's proposal to achieve the
19 same NOx fleet emission average by passenger cars
20 and most light-duty trucks by the 2007 model year
21 provides too little lead time and underestimates the
22 challenges associated with the task.

23 We believe that the introduction of Tier
24 2 standards should be accomplished in the two-phased
25 approach set forth in the Alliance proposal, the one

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1 Josephine Cooper - The Alliance of Auto Manufacturers
2 round of emission introductions starting in 2004 and
3 more aggressive reduction starting in 2008 when near
4 zero sulfur fuels hopefully will be in place. This
5 aspect of the timing combined with slightly higher
6 non-ethyene hydrocarbons standard for the largest
7 vehicles provides critical flexibility for the
8 automobile and allows the introduction of near zero
9 sulfur fuels while continuing to meet the clean air
10 needs in the country.

11 We also in our proposal call for an
12 independent third-party feasibility study in 2004 to
13 make sure we are heading in the right direction.
14 The study should be conducted by mutually agreed
15 experts to establish the feasibility of the second
16 wave of emission reductions based on the following
17 four items: 5 parts per million sulfur fuel for gas
18 and diesel; standards that are feasible for lean
19 burn, both gas and diesel; no added competitive
20 impact; and cost-effective and affordable standards.

21 The only valid method of determining the
22 true emission potential of new technologies is to
23 perform emission testing of actual hardware on a
24 representative sample of vehicles with near zero
25 sulfur fuels.

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1 Josephine Cooper - The Alliance of Auto Manufacturers
2 Hardware capable of meeting all of the
3 proposed standards for all vehicles is not currently
4 available and may not be available for several
5 years.

6 We believe the feasibility study is
7 needed to assess the capabilities of advanced
8 hardware from meeting the standards that would
9 become effective in model year 2008.

10 There is no downside to planning for
11 such a study while promulgating a far-reaching
12 technology standard. None of us, not the EPA and
13 certainly not the automobile industry, can foretell
14 the future and know what problems may develop. If
15 the technology development is on track to meet the
16 Tier 2 standards, the review process will confirm
17 the fact.

18 On the other hand, if major, unexpected
19 problems are encountered, this will allow EPA the
20 opportunity to make mid-course corrections.

21 Lastly, we want to ensure that the Tier
22 2 rule continues to foster the development and
23 utilization of advanced technology vehicles. The
24 partnership for a new generation of vehicles has
25 determined that Ford's direct injections is the most

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1 Josephine Cooper - The Alliance of Auto Manufacturers
2 promising near term technology that may dramatically
3 increase fuel economy goals within the next ten
4 years. As a participant in the process, EPA has
5 concurred with that selection.

6 These lean burn technologies, however,
7 present formidable emission control challenges.
8 Today catalytic converters cannot achieve the level
9 of NOx control to meet the standards, and the fleet
10 average in the industry is the number of units sold.

11 Therefore, EPA's proposal could
12 effectively prevent the fruits of this industry
13 program from being realized in the U.S. We believe
14 this should not be the case. We believe that the
15 proposal should encourage the development and the
16 production of advanced technology vehicles. That
17 can be done with no downside from the environment.

18 In conclusion, the Alliance supports the
19 clean air goals of EPA. Yes, some changes are
20 needed to make the rule work, but we are confident
21 that by working together with EPA and other
22 interested parties these issues can be worked out.

23 However, we cannot do this alone. As
24 our industry steps up to the plate with cleaner and
25 cleaner vehicles, we hope that our colleagues in the

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1 Blake Early - American Lung Association
2 oil industry will step up to the plate with cleaner
3 and cleaner fuels.

4 Only by combining world class vehicles
5 with world class fuels can we realize our full
6 potential and make sure that future generations will
7 not have only the cleanest possible air but also
8 robust transportation and engineering industry
9 primed to compete in the 21st Century.

10 MS. OGE: Thank you.

11 Mr. Blake Early.

12 MR. EARLY: I am Blake Early. I'm
13 speaking here on behalf of the American Lung
14 Association.

15 The American Lung Association applauds
16 EPA's Tier 2 and low-sulfur gas proposals as the
17 most important public health measure that has been
18 issued since the established national ambient air
19 quality standards, new ones for smog and for soot.
20 Clearly these new regulations are needed and
21 achievable.

22 EPA estimates the diesel rules with
23 lower levels of ozone particulate matter reduced
24 carbon monoxide levels and protected the environment
25 from acid rain and petrification. All of the costs

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1 Blake Early - American Lung Association
2 are highly comparable to other initiatives our
3 nation has embraced in the past.

4 Most important to the American Lung
5 Association is the cleaner cars and trucks and
6 cleaner gasoline that will help save lives and
7 reduce illness.

8 Once fully implemented, EPA estimates
9 these rules could reduce premature mortality by up
10 to 24 -- 2,400 deaths each year, acute and chronic
11 bronchitis by up to 4,000 cases, and reduce cases of
12 respiratory aggravation by over 100,000 cases each
13 year.

14 The national effort to protect people
15 from harmful air pollution is not over. In 1998
16 over 4,000 exceedences of EPA's new eight-hour smog
17 health standard were monitored in over 40 states.
18 Ten states had 30 days of monitored violations. In
19 2007 EPA estimates 39 million people will live in
20 areas exceeding the one-hour standard which has
21 already been found to fail to protect the American
22 public.

23 80 million people will be living in
24 areas exceeding the new eight-hour standard in 2007
25 and 49 million people will be living in areas which

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1 Blake Early - American Lung Association
2 are within 15 percent of violating the standards so
3 their health is still at risk.

4 Finally, EPA estimates that 42 million
5 people will be violating the new fine particulate
6 standard for soot ten years from now. Meanwhile,
7 the number of vulnerable people to the effects of
8 ozone and smog -- ozone and soot continues to rise.

9 While no one knows what causes asthma,
10 people exposed to ozone experience asthma attacks
11 severe enough to send them to the emergency room or
12 the hospital. Asthma prevalence has risen 61
13 percent from 1982 to 1994; 72 percent among
14 children.

15 Also the elderly population who are more
16 vulnerable to the effects of ozone due to reduced
17 lung capacity and their greater vulnerability to
18 infection and lung disease constitute the fastest
19 growing portion of our population.

20 However, growth and vehicle miles
21 traveled and truck usage is eroding the current
22 pollution control benefits that we get from cleaner
23 cars that are on the road today.

24 Americans are now driving approximately
25 two and a half trillion miles per year, more than

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1 Blake Early - American Lung Association
2 doubling the amount that they drove in 1970.
3 Meanwhile, the vehicles used to log these miles are
4 increasingly the high-polluting SUVs and pick-up
5 trucks. Sales of these vehicles are routinely
6 exceeding 60 percent of vehicle sales for some
7 manufacturers in recent months.

8 It is easy to see how the gains we have
9 made in reducing car and truck pollution are being
10 overwhelmed by a growing population, growing vehicle
11 use, and growing sales of high-polluting SUVs and
12 pick-ups.

13 This proposal has the potential to make
14 a real difference in public health, especially in
15 areas where cars, trucks contribute to as much as 40
16 percent of the pollutants that create smog. For
17 instance, in Atlanta where vehicles are a large
18 contributor of smog creation, a recent study looked
19 at the impact of reduced vehicle use made for the
20 lower ozone and improved health during -- and
21 improved public health during the Olympics in 1996.

22 The study found that peak daily ozone
23 concentrations decreased by 28 percent during
24 Olympic week when peak weekday morning traffic
25 counts dropped to a corresponding amount of 22 and a

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1 Blake Early - American Lung Association
2 half percent, and emergency room visits for children
3 with asthma dropped from between 11 percent to as
4 much as 44 percent in some hospital emergency rooms
5 during that period.

6 A report issued by STAPPA, which Mr.
7 Becker just referred to, found that EPA's low sulfur
8 rule alone would be the equivalent of removing
9 822,000 vehicles from the road in the Atlanta area.
10 Plus we can see that there is a real potential if
11 these rules hold for obtaining real public health
12 benefits.

13 The same estimate applies here in
14 Philadelphia. STAPPA found the sulfur rule alone
15 would be the equivalent of removing 954,000 cars
16 from the Philadelphia area highways.

17 The Tier 2 portion of EPA's proposal
18 would double this estimate of vehicles removed from
19 the road. These rules can make a real difference to
20 public health.

21 The American Lung Association just
22 released a second national poll which shows people
23 want cleaner cars, cleaner trucks and cleaner
24 gasoline. An overwhelming number of people, 83
25 percent, would pay up to 2 cents more per gallon for

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1 Blake Early - American Lung Association
2 cleaner gasoline, which is about the amount the EPA
3 estimates that their sulfur rule on gasoline would
4 cost.

5 This response was found after the nation
6 has experienced considerable increases in gasoline
7 prices in recent weeks. The same large majority who
8 favored cleaner gasoline, cleaner gasoline
9 nationwide, also wants the majority of SUVs and
10 pick-ups and minivans to meet the same low-emission
11 standards as cars do.

12 This view is held even among 85 percent
13 of SUV and minivan owners. They want their vehicles
14 to be just as clean as the cleanest cars are.

15 Most people favor requiring diesel
16 powered pick-ups and SUVs to meet the same standards
17 as the passenger vehicles across the country.

18 Automobile companies often talk about
19 the need to meet consumer demand. People want
20 cleaner cars, cleaner trucks and cleaner gasoline.
21 EPA should require auto-makers and auto refiners to
22 give the people what they want.

23 EPA will strengthen the Tier 2 proposal
24 to guarantee the delivery of emission reductions.

25 For the first time the Agency is

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1 Blake Early - American Lung Association
2 allowing emission goals in the program to be
3 calculated on a per company average instead of a per
4 vehicle basis.

5 The Agency points to the California
6 program to support the notion that this approach can
7 be just as effective as the existing one. Now a
8 California program only applies to a fraction of the
9 nationwide sales each year; EPA's program will be
10 vastly larger.

11 In addition, EPA is an expert to provide
12 flexibility of the national program and comparison
13 by adding extra emission bins and vehicle category
14 and extending deadlines in full compliance.

15 In particular the proposal allows higher
16 emissions among heavy light-duty trucks including
17 special compliance deadlines and emission trading
18 programs.

19 We fear that the system may be too
20 complex to effectively be enforced. We urge the
21 Agency to strive to simplify its proposal.

22 Our first recommendation is to shorten
23 the deadline for full compliance by large SUVs and
24 trucks. These vehicles should achieve full
25 compliance by 2007. We noticed that the Alliance

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1 Blake Early - American Lung Association
2 proposal is seeking additional compliance time for
3 heavier trucks and diesel-powered vehicles. We see
4 no reason to extend compliance to either category.

5 The industry also seeks an even higher
6 emission category called a bin. These are the very
7 categories of vehicles the industry hopes to sell in
8 larger and larger portions in future years.

9 EPA already proposes two bins that allow
10 these heavier vehicles to double and nearly triple
11 the NOx emissions allowed for the fleet as a whole
12 while California has no such categories.

13 We oppose bins which allow so much
14 higher emissions for trucks as SUVs and minivans.
15 This feature is inconsistent with what the public
16 wants.

17 In a demonstration program conducted by
18 MECO Manufacturers, they outfitted a Chevrolet
19 Silverado and were able to obtain emission
20 reductions 35 percent below the fleet average.
21 Clearly there is no reason for higher categories for
22 heavier vehicles.

23 We also oppose manufacturers making up
24 violations of company emission limits by borrowing
25 emission reduction from future years.

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1 Blake Early - American Lung Association
2 EPA also needs to strengthen the
3 low-sulfur gas fuel. Lowering sulfur in gasoline
4 has the dual benefits of attaining much-needed
5 reduction of smog-creating pollutants, toxicant air
6 pollutants and carbon monoxide from existing
7 vehicles while on ambient new technology. But the
8 EPA proposal doesn't deliver cleaner gas at the same
9 time as the industry is delivering to cleaner cars.

10 EPA should ensure that the caps on
11 sulfur begin lower and begin sooner than in the EPA
12 proposal.

13 I am out of time so I will -- I will say
14 only one other thing: We oppose the automobile
15 industry's proposal to go to ultra-low gasoline and
16 have a technology review unless we are talking about
17 lower reductions from all categories of vehicles,
18 what I would term a Tier 3. You want ultra clean
19 gasoline, you want a technology review, then let's
20 get even more reductions out of the vehicles in the
21 future. Thank you.

22 MS. OGE: Thank you. I understand that
23 Ms. Fernandez is in the room? Happy Fernandez?

24 MS. FERNANDEZ: Yes.

25 MS. OGE: Could you please go to the

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1 Happy Fernandez
2 front table and present your testimony?

3 MS. Fernandez: Good morning. And thank
4 you for holding these hearings here in
5 Philadelphia.

6 I am speaking this morning as a citizen
7 and as a former member of City Council from 1992 to
8 '97. And in City Council I chaired the
9 Transportation and Public Utilities Committee and so
10 certainly paid a lot of attention to the issues of
11 having the Clean Air Act enforced and its
12 implications for transportation here in the city.

13 And certainly here at the local level I
14 can say that we certainly need both strong
15 legislation and well-enforced regulations from the
16 federal level to help us deal with the serious
17 problem we face in this city and region as being one
18 of the severe ozone non-attainment areas in the
19 country. And certainly we need to take dramatic
20 steps to continue to clean up our air for two major
21 reasons: one is the health of our citizens; and
22 secondly, the economic development implications it
23 has for our whole city and region.

24 I have particularly strong feelings
25 about the regulations on the SUVs. And this was

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1 Happy Fernandez

2 brought home to me about two and a half years ago.

3 Our little 1-and-a-half-to-2-year-old grandson who

4 was just learning to talk and could barely say

5 Grandma adequately -- he knew Tiger Woods pretty

6 well before he knew the name Grandma.

7 But he said one time -- he was just

8 learning to talk, but he said: Well, do you have an

9 SUV?

10 And I was a little out of it, I wasn't

11 exactly sure what "SUV" meant coming from a

12 1-and-a-half year old. It turns out they were about

13 to buy an SUV. So here at the age of 1-and-a-half,

14 he already knew what an SUV was.

15 And as you look around our highways and

16 cities, SUVs are proliferating everywhere. And they

17 are a very convenient car for people with children

18 and families with a lot to haul.

19 But I think it is appalling that they

20 are not also under the same regulations as our

21 regular automobiles. So I hope you move to get that

22 implemented.

23 I have two particular examples to also

24 illustrate the serious health issues that we face on

25 a very personal level here in the city, why we do

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1 Happy Fernandez
2 need your help to get these regulations passed and
3 fully implemented, and that is surrounding the
4 health issues.

5 One of my staff members does have
6 asthma. One of my former council members on bad
7 days, like Monday and Tuesday in this city,
8 sometimes she was not able to get to work because
9 she was afraid to go outside because of the asthma
10 attacks that she would face. And on very hot days
11 she would have to, you know, walk very slowly to
12 work.

13 So I personally experienced the health
14 problems she experienced, but also as her employer
15 having to be days when she could not come to work
16 because the smog was too great here in our city.

17 So we need your help desperately for
18 health reasons. And obviously it's for her personal
19 health but also the economic costs.

20 And another very clear example that
21 was -- just to describe the state of things here in
22 the city, sometimes when we'd go out of town for the
23 weekend, I would park my city car around City Hall
24 and let it just sit there for a weekend.

25 And when I would come back on Monday

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1 Happy Fernandez

2 morning to get this car, literally there was usually
3 a quarter of an inch of soot on the car from having
4 sat around City Hall with all of the buses and all
5 of the cars and all of the traffic.

6 So it's a very dramatic and very
7 disturbing thought that all of us are breathing that
8 kind of air, and also its effects on the health.
9 But also as a former public official, we want our
10 city to be attractive in terms of attracting people
11 to come here to work, to live, to have a good
12 quality of life.

13 So we need your help and we need federal
14 strong regulations and enforcement to help us at the
15 local level clean up our air both for the sake of
16 the health of our citizens, but also for the
17 economic development implications in terms of
18 attracting and keeping jobs and our people here in
19 our great city.

20 Thank you.

21 MS. OGE: Thank you.

22 Since we are running out of time, I
23 thought I would keep questions to a minimum.

24 Actually I offer a question for Bill
25 Becker. And you are going to keep the answers to a

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2 minimum, if you can.

3

4 STAPPA/ALAPCO did recommend you find
5 resolution in national programs for cars and fuel.
6 And you have outlined in your testimony the reasons
7 you believe this national program is critical.

8

9 Mr. O'Keefe in his testimony today has
10 made remarks about believing about the lack of
11 benefits for the states and Western part of the
12 country.

13

14 I would just like you to comment on
15 that. What are your views as far as the potential
16 of environmental problems across the country and not
17 just in the Northeast or in the origin of other
18 areas?

19

20 MR. BECKER: Right. Two quick points:
21 First is the main reason why we should have a
22 national program rather than a regional program is
23 because of the reversibility issue or the lack
24 thereof with regard to subjecting vehicles to high
25 sulfur fuel.

26

27 Every study that we have seen, your own
28 analysis, has shown that reversibility --
29 irreversibility is, indeed, a significant problem.
30 And whether or not Western states are concerned

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2 about the high levels of pollution there, drivers
3 that go through Western states and fill up their
4 vehicles contaminate their catalytic converters and
5 affect the performance of those vehicles. And that
6 exacerbates their ability to regulate air pollution
7 back home wherever they live.

8

9 But the second point is a very good one,
10 Margo, and it's one that we emphasized in our
11 testimony. With respect to our friends from the
12 API, their proposal is almost entirely contingent on
13 regulating smog. And they constantly point out that
14 I think a wealth of -- a fair statement that the
15 West doesn't have smog problems.

15

16 But the west does have a tremendous
17 amount of visibility problems and of particulate
18 problems and other air pollution problems that can
19 be addressed directly by a national sulfur and fuel
20 program.

20

21 And so for those two reasons, we
22 strongly believe -- and not just me, but the members
23 of our association overwhelmingly believe that it
24 should be a national and not a regional program.

24

MS. OGE: Thank you, I would like --

25

Bill, do you want to say something? But

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2 please make it short.

3 MR. O'KEEFE: I will.

4 First on reversibility, as the Agency
5 knows, we submitted research data that had been
6 generated by both the oil and auto industries to
7 outside reviewers. So there is peer review research
8 that shows that reversibility does take place for
9 many cars. It is almost complete.

10 There are cars on the road that meet,
11 come very close to the standards of gasoline and
12 sulfur levels up to 600 parts per million. The
13 piece of empirical evidence is cars leave
14 California, use higher sulfur gasoline, they go back
15 into California and they meet their stringent INM
16 requirements. So it is really empirical data that
17 reversibility takes place.

18 The final point is that we have proposed
19 the reduction in sulfur, and when the systems are
20 available proposed to test to determine whether
21 further reductions are called for. The Alliance has
22 proposed the same thing for the SUVs. So the logic
23 would say that we ought to wait until we have cars
24 and systems that are actually built with the
25 technology that someone knows how to put in place,

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2 test them, and if that test determines that 30 parts
3 per million is appropriate, we've already gone on
4 record as supporting that.

5 MS. OGE: Ms. Cooper, do you want to say
6 anything?

7 MS. COOPER: Well, I guess from our
8 perspective, the integration of this rule is really
9 important and fuels in the automobiles working
10 together is critical.

11 We view that as the essential component
12 going forward on this rule. Pure and simple, a
13 nationwide low-sulfur fuel is essential from our
14 perspective because you do get the degradation of
15 the catalyst. And the question about reversibility
16 is really a critical one.

17 Our data might not agree with the oil
18 industry data. But I think the view is from our
19 perspective, if we put the hardware in place, that
20 is a huge down-payment on the air quality benefits
21 that you are going to derive. And without that low
22 sulfur fuel and the ultra-low and ultimately low
23 sulfur fuel, you just don't get the benefits, you
24 don't get the dividends from that investment that
25 you are putting in the hardware.

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So our view is that this is an integrated rule; the benefits are to come together. And for us the answer is the new hardware, something we don't really know how we are going to get there, but the combination of that with the 30 parts per million to begin and the down-payment on the near zero sulfur fuel we think is really critical.

9

MS. OGE: Thank you.

10

MR. EARLY: Just very quickly, I would just like to point out, how you can say there aren't air quality problems in the West when you look at the struggles that are happening with Denver, Las Vegas. Last summer Salt Lake City had 11 days of ozone violation. It just isn't true.

16

MS. OGE: I would like to thank all of the panel members. And especially I would like to thank Ms. Fernandez for coming here and sharing with us your views of air quality situation in this area that we are supposed to be contemplating.

21

Thank you. Thank you.

22

Now, I would call the second panel: Commissioner Bob Shinn; Mr. Bob Campbell with Sun, Sunoco; Mr. Kelly Brown with Ford; Ms. Becky Stanfield of U.S. PIRG; Mr. Kevin Smith of Delaware

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1 Robert Campbell - Sunoco Incorporated
2 Valley Transit Users. And I also understand that
3 Mr. Richard Whiteford is here from the executive
4 office of Sierra Club. And I would like to ask him
5 to come forward.

6 I understand that a couple of the panel
7 members are not here yet, but I would like to start
8 with Mr. Bob Campbell.

9 MR. CAMPBELL: Good morning, ladies and
10 gentlemen. I am Bob Campbell. I am chairman and
11 CEO of Sunoco Incorporated, and I want to thank you
12 for the opportunity to speak to you.

13 Our company has been in the refining and
14 marketing business for 113 years, and we have been
15 headquartered here in Philadelphia since 1901. At
16 the Domestic Downstream Energy Company, we operate
17 five domestic refineries; we market gasoline for
18 approximately 3800 Sunoco stations in 17 states from
19 Maine to Virginia; we employ about 11,000 people,
20 most of them here in the Northeastern region of this
21 country; and we are one of the largest manufacturers
22 of reformulated gasoline in the United States.

23 Consequently, we have a vital interest
24 in the motor vehicle fuel composition proposals
25 being discussed here today.

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1 Robert Campbell - Sunoco Incorporated

2 Let me begin my remarks by attempting to
3 state clearly our company position on the gasoline
4 sulfur issue. Sunoco has a long-standing interest
5 in protecting our environment, and consequently we
6 are in basic support of the unprecedented air
7 quality regulation being proposed.

8 Our company's bottom line on this issue
9 is that we believe EPA should implement a uniform
10 national low sulfur physical requirement for
11 gasoline with no exemptions phased in over an
12 expedited but realistic period of time.

13 We believe that lowering the sulfur
14 level in gasoline is a proactive step that will
15 improve the quality of air we breathe. And we
16 further believe this new fuel in combination with
17 the new Tier 2 automobiles will produce a
18 transportation system that will benefit both the
19 motoring public and the environment.

20 However, the speed and timing of the
21 changes required of the United States refining
22 industry is a major issue, and I believe that the
23 current regulatory proposal has three serious
24 flaws.

25 First is the issue of timing. You need

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1 Robert Campbell - Sunoco Incorporated
2 to recall that the state of California, which is
3 currently at 30 parts per million sulfur,
4 accomplished that change over an 18-year period of
5 time.

6 Even though there are ten times as many
7 refineries in the other 49 states as there are in
8 California and the average of those refineries is
9 currently 330 parts per million of sulfur, I do not
10 believe 18 years are required to achieve the
11 national fuel for a similar sulfur level, but I do
12 believe the current plan is unworkable and
13 ultimately will be unfair to those refiners who
14 seriously attempt to achieve that.

15 Specifically, I believe that the
16 requirement that a vapor level of sulfur of 30 parts
17 per million by '04 and a physical level of '06 just
18 isn't realistic particularly when one considers all
19 that is going on in the industry today.

20 Our goal is to support the national
21 environment, but we ask that EPA has to recognize
22 the business environment.

23 I realize that EPA attempted to address
24 that issue by creating a banking and trading
25 program, and although brought forward with good

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1 Robert Campbell - Sunoco Incorporated
2 intentions, this concept is fraught with unintended
3 and negative consequences.

4 For several reasons we do not believe
5 the current proposed scheme will accomplish its
6 intended result and, consequently, we are not in
7 support of that element of the proposed regulation.

8 Our reasons are relatively simple. For
9 openers, we have consistently stated that a
10 four-year lead time is needed to implement major
11 refinery changes after regulatory certainty is
12 achieved.

13 Starting today, June the 9th, there will
14 be insufficient time to achieve regulatory
15 certainty, develop a new technology that EPA is
16 counting on for its cost to the industry
17 projections, design and construct the capital
18 improvements and generate enough credits to achieve
19 paper compliance by 2004.

20 And when I've voiced this concern to EPA
21 in the past, I have been told that the Agency
22 believes that the capital changes can be made in two
23 or two and a half years, that four years isn't
24 necessary. And I just believe that that's simply
25 wrong.

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1 Robert Campbell - Sunoco Incorporated

2 And based on our prior experience with
3 environmental regulations, I seriously doubt that
4 companies in this industry can be expected to make
5 substantial environmental investments until we know
6 for certain what the law will ultimately require.

7 The new capital investment issue is
8 further complicated by the fact that as a nation we
9 are currently faced with a shortage of skilled,
10 construction manpower. We are having a difficult
11 time attaining sufficient craftsmen for our current
12 regularly-scheduled maintenance programs. And when
13 you consider the magnitude of the nationwide capital
14 construction program that will be required to
15 implement this regulation, the timetable simply just
16 can't be met.

17 The second concern with this proposed
18 regulation is the apparent overlap between the
19 required reduction in sulfur and the changes to fuel
20 composition that will occur as a result of the
21 likely reduction of MTBE in gasoline.

22 As you know, that popular oxygenate
23 blending component is generally considered to be a
24 cause of groundwater contamination. Consequently,
25 California is already mandating the removal of the

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1 Robert Campbell - Sunoco Incorporated
2 chemical from gasoline and other states seem certain
3 to follow.

4 My expectation is that California will
5 probably be successful in adjusting to the removal
6 of MTBE because they are already at the 30 parts per
7 million sulfur level.

8 However, if similar changes are required
9 for the remaining company, I, for one, do not
10 believe that both MTBE and sulfur removal can be
11 accomplished simultaneously and successfully on a
12 national scale within the specified time frame.

13 I believe to insist on such a schedule
14 will result in either the production of noncompliant
15 fuels or supply disruptions and price breaks.

16 California has seen two recent examples
17 of the scenario, and it is something that neither
18 the industry or individual consumers want to have
19 happen.

20 A third issue, and the one that I
21 believe is the most crucial, is the lack of a level
22 playing field created by the proposal.

23 I believe that air quality should
24 benefit from the outcome of this regulation, not
25 individual refiners.

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1 Robert Campbell - Sunoco Incorporated

2 The regulation should be implemented in
3 such a way that all refiners are treated fairly.

4 And I say this because you need to realize that the
5 sulfur reduction regulations proposed will require
6 massive capital investments in an industry that has
7 had unattractive returns on an investment for years.

8 Ours is a very competitive industry, and
9 to permit blockouts, delays, special programs and
10 exemptions for various segments of the industry
11 creates significant winners and losers and will
12 result, I think, in legal challenges and delays.
13 Ultimately the industry, the consumer and the
14 environment will be the loser.

15 For example, the proposed banking and
16 trading program is based on the creation of a new,
17 unaudited 1997 - '98 base line for measuring sulfur
18 credits. Our industry already has an audited base
19 line for gasoline composition established in 1990.

20 To change the base line arbitrarily to
21 '97 - '98 rewards those refiners who have
22 maintained or increased their levels of sulfur in
23 gasoline over that same year and penalizes those
24 refiners like ourselves who have worked to reduce
25 their sulfur levels.

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1 Robert Campbell - Sunoco Incorporated

2 I ask you to think about the statement
3 that that makes about the wisdom of a company being
4 proactive in the future in the environmental arena.
5 Early attention should be rewarded, not penalized.
6 And I would suspect that philosophy will be at the
7 heart of any proposal that EPA makes with regard to
8 reduction to greenhouse gases.

9 This is simply another reason in our
10 opinion why the banking and trading portion of your
11 regulations should be eliminated. Our suggested
12 solution to these issues is very simple. We believe
13 that you should propose a physical sulfur reduction
14 schedule on a national basis that takes into account
15 the following issues: the need for regulatory
16 certainty before investments will be made by the
17 industry;

18 A need for time for the new technology
19 to be proven before installation;

20 The complexity and the impact on
21 gasoline's supply of removing sulfur and MTBE
22 simultaneously;

23 The magnitude of accomplishing this
24 change simultaneously in more than 90 refineries
25 across the country with a construction industry that

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1 Robert Campbell - Sunoco Incorporated
2 is already stretched to the limit.

3 Further, I do not believe that
4 blockouts, exemptions or special programs should be
5 permitted since this simply means that those
6 companies that don't qualify for the special
7 consideration and made the capital investment have
8 less chance of recovering the investment.

9 And finally, since these hearings are
10 being held in the Northeastern region of the United
11 States, I feel a need to remind you that a
12 significant portion of the gasoline consumed in
13 these states is imported from foreign refiners.

14 It must go without saying that there
15 cannot be any different requirement for offshore
16 manufacturers than for domestic refiners. To do so
17 would not only harm the environment, it would
18 devastate the ability of the United States refiners
19 to compete.

20 In spite of my stated concerns, I would
21 like to repeat my opening statement that as a
22 company, we are in favor of a national low sulfur
23 fuel program as a means of improving our
24 environment. We firmly believe that such a program
25 can be designed and implemented and the result will

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1 Kelly Brown - Ford
2 be a lower physical sulfur level in our nation's
3 fuel than the results that will be achieved with the
4 regulation that is currently drafted.

5 Once again, I want to thank you for the
6 opportunity to speak to you this morning and look
7 forward to any question you have regarding my
8 remarks.

9 MS. OGE: Thank you.

10 Mr. Brown.

11 MR. BROWN: Thank you, and good
12 morning. My name is Kelly Brown. I am director of
13 Vehicle Environmental Engineering for Ford Motor
14 Company. In addition to today's testimony, we will
15 be providing more extensive comments from the
16 record.

17 Ford is committed to low-emission
18 technologies. Ford has the widest array of
19 alternative fuel vehicles of any manufacturers. And
20 Ford, as many of you know, is certifying all SUVs,
21 F-series pick-up trucks, Windstar minivans to
22 low-emission vehicle standards in advance of any
23 federal requirements. That amounts -- to be
24 launched until next year -- to about 2 million units
25 per year.

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1 Kelly Brown - Ford

2 Ford Motor Company trucks have been the
3 benchmark for low-emission technology
4 demonstrations.

5 Ford supports the underlying goals of
6 EPA's proposal; that is: That the vehicles and
7 fuels should be treated as a system; the gap between
8 the passenger car and truck can be reduced; a
9 NOx-focused approach that will address the state's
10 SIP needs is appropriate; and the proposed standards
11 can go reasonably beyond approach technology, which
12 both the EPA and the Alliance proposal do.

13 The primary Ford concerns with EPA's
14 NPRM are twofold: The initial phase-in requires all
15 new standards for most vehicles in the first year,
16 and we will talk about that a little more in a
17 minute, and it unnecessarily limits advanced
18 fuel-efficient technologies.

19 First to phase-in the workload. EPA
20 applies all new interim standards to all but the
21 smallest light trucks immediately in 2004. These
22 standards are only marginally more stringent than
23 the current California or NLEV standards.

24 These requirements consume a
25 disproportionate amount of engineering workload and

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1 Kelly Brown - Ford

2 harmonizing with California for these vehicles would
3 build on NLEV and focus resources on the development
4 of technology for LEV 2 and Tier 2 technologies.

5 In a little more detail from data that
6 you can see from the chart that the first year,
7 2004, 93 percent of Ford's engines will have to be
8 re-engineered. And there simply aren't enough
9 qualified calibration engineers available in order
10 to do that even if the financial resources were
11 unlimited.

12 50 percent by the next year is
13 challenging, but is possible to be containable. We
14 think that it's possible to flatten out that work
15 load and achieve EPA's goals and make it doable for
16 the industry.

17 Next is fuel quality. You have heard a
18 lot about fuel quality already today. Ford supports
19 the availability of cleaner burning gasoline.

20 EPA's gasoline sulfur proposal is an
21 encouraging step that allows states to achieve the
22 benefits the NLEV technology manufacturers have
23 already provided.

24 That means the vehicles we have in the
25 fleet and the ones going out the door today will

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1 Kelly Brown - Ford

2 actually be able to achieve the potentials that were
3 designed. Sulfur-free fuel would allow states to
4 achieve the full air quality benefits associated
5 with Tier 2 technologies.

6 With respect to advanced technology,
7 separate standards at 50,000 miles penalize
8 technologies that may not deteriorate in a linear
9 fashion such as diesel and highbred vehicles.

10 The structure of EPA's Tier 2 proposal
11 also restricts compliance flexibility. More
12 standard categories both above and below the fleet
13 averages are necessary. Further, there are no
14 incentives for manufacturers to introduce clean
15 vehicles early, and we don't think that is in
16 anybody's interest.

17 Ford also supports the Alliance's
18 proposal, the Alliance's automotive manufacturing
19 proposal, and we are a member of that new
20 organization.

21 Ford's concerns with the Alliance
22 proposal addresses its concerns with EPA's NPRM. It
23 includes a phase-in from existing standards and
24 provides sufficient time for development and
25 introduction of ultra-clean technologies and fuels,

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1 Rebecca Stanfield - U.S. PIRG
2 and it insures feasibility and cost-effectiveness
3 through an independent review in 2004.

4 In conclusion, Ford will continue to
5 commercialize clean technologies when they become
6 feasible and acceptable to consumers even in the
7 absence of EPA requirements.

8 Ford supports the underlying goals of
9 EPA's proposal; Ford supports the Alliance proposal
10 which meets or exceeds all of EPA's goals with an
11 acceptable phase-in for both clean technologies and
12 enabling fuels. Thank you.

13 MS. OGE: Thank you.

14 I guess Ms. Stanfield, we will go to
15 you. Thank you, Ms. Stanfield.

16 MS. STANFIELD: Good morning. My name
17 is Rebecca Stanfield. I am the Clean Air Advocate
18 for U.S. Public Industry Research Group. We are the
19 national lobby office for the state PIRGs, which are
20 consumer and environmental watchdog organizations
21 active across the country.

22 I greatly appreciate the opportunity to
23 speak to you today on this important and timely
24 issue.

25 First, I just want to say that this

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1 Rebecca Stanfield - U.S. PIRG
2 issue is of critical importance to us. We are
3 working with states all across the country and
4 coalition partners all across the country to let
5 people know about this rulemaking and how it can
6 affect their lives. We are talking to literally
7 millions of people at their door, and we are holding
8 press conferences in 40 cities on this issue.

9 Just as an appetizer, those people are
10 weighing in in very large numbers. And I have 4,000
11 post cards with me today. So far we've collected
12 25,000 postcards around the country and many more
13 will be pouring in over the summer. So there is the
14 first taste.

15 (Presentation of postcards.)

16 MS. OGE: Thank you.

17 MS. STANFIELD: Over the past two weeks,
18 the 1999 smog season has descended upon most of the
19 Eastern United States. Already this summer millions
20 of Americans have been exposed to levels of air
21 pollution that are unsafe to breath.

22 If this summer is like 1998, we can
23 expect frequent and widespread violations of the
24 federal health standard for smog, not just in our
25 urban centers like Philadelphia but throughout our

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1 Rebecca Stanfield - U.S. PIRG

2 nation. Last year the standards were violated 5200
3 times in 40 states and as several people have
4 mentioned, some of those states are in the West.

5 What this means for people living in
6 this area is that they experience declining lung
7 function as a result of breathing air in their
8 communities. For normal, healthy adults, it can
9 mean not working or exercising outdoors, and over
10 time, lung tissue damage that can be irreversible.

11 For children, the elderly and those with
12 asthma, high smog means missing work or school, not
13 playing outdoors with friends, hospital and
14 emergency room visits for asthma attacks, increased
15 susceptibility to infections and often serious
16 exacerbations of pre-existing heart and respiratory
17 lung disease.

18 So simply stated, we believe this
19 decision is the most important thing the EPA can do
20 to protect health.

21 Automobiles are the single largest
22 source of smog-forming pollution, creating nearly a
23 third of the nitrogen oxides that causes smog
24 production.

25 While today's cars are cleaner than

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1 Rebecca Stanfield - U.S. PIRG

2 those of two decades ago, Americans drive more than
3 ever before. In 1998 we drove in excess of 2.5
4 trillion miles, more than double the miles we drove
5 in 1970. In addition Americans are driving bigger
6 and more polluting vehicles than ever before, with
7 more than half of the new cars sold last year being
8 light trucks which can pollute up to three times
9 more than a car.

10 Together the proposed Tier 2 standards
11 and gasoline sulfur standards comprise a strong,
12 integrated approach to reducing pollution from
13 automobiles. There are many aspects of the program
14 that we applaud, some of which I will describe.

15 I will also describe several important
16 ways in which the Tier 2 program should be
17 strengthened to prevent unnecessary delays or
18 complication in implementation, and to avoid
19 exacerbating existing loopholes for bigger and
20 dirtier automobiles.

21 First we applaud the overall significant
22 reductions in pollution from the average automobile
23 that will be realized through the Tier 2 program.
24 The .07 grams per mile average standard of nitrogen
25 oxide is based on 120,000-mile useful life is

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1 Rebecca Stanfield - U.S. PIRG
2 approximately 89 percent cleaner than the Tier 1
3 standard.

4 It is clear that while the standard is
5 aggressive, the technology to meet the standard is
6 available and affordable. This program will also
7 harmonize federal clean car standards with those
8 adopted in California.

9 Second, we agree with EPA that the
10 popular sport-utility vehicle must be treated no
11 differently for pollution purposes than cars. There
12 is no longer an expectation that the SUVs will be
13 used as work trucks.

14 On the contrary, they are widely
15 acknowledged to be the station wagon of the 1990s,
16 rarely used for any purpose more taxing than to take
17 a family to the grocery store or soccer practice.
18 The justification for allowing SUVs to pollute more
19 is an artifact, and new standards should reflect the
20 new role that SUVs play in our society.

21 Third, we agree that the nationwide
22 sulfur standard should be adopted to prevent the
23 poisoning of sophisticated, new pollution control
24 equipment. The automobile and the fuel should be
25 treated as a single system, and EPA has

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1 Rebecca Stanfield - U.S. PIRG

2 appropriately proposed that the new car standards be
3 accompanied by cleaner gasoline. Moreover, we
4 strongly agree that nationwide rather than regional
5 gasoline standards are critical to the success of
6 the Tier 2 program.

7 As Americans, we enjoy the ability to
8 drive from state to state, and as consumers we will
9 be outraged to have dirty gasoline damage our cars.

10 More importantly, we have air quality
11 problems across the country with violations of
12 health standards, again, as I stated before, in 40
13 states last year.

14 There is no reason that we would not
15 benefit from these laws.

16 The oil industry's representatives have
17 argued for a slower phase-in schedule for clean
18 gasoline and increased flexibility for small
19 refiners. We believe that EPA's proposal strikes an
20 appropriate balance in achieving necessary pollution
21 reductions and allowing the industry ample time and
22 flexibility to meet the standard.

23 EPA allows the industry to use an
24 averaging system to meet the standards and allows
25 refineries to use credits from early reduction to

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1 Rebecca Stanfield - U.S. PIRG
2 meet standards.

3 EPA also allows less stringent caps from
4 first two years and allows refiners to meet less
5 stringent standards through year 2007, more
6 flexibility than most is unwarranted and would
7 result in an unenforceable and ineffective program.

8 In fact, we believe the EPA's proposed
9 gasoline sulfur standard has allowed too much time
10 to pass before significant air pollution can be
11 expected. In 2001 auto-makers will begin the
12 nationwide marketing of low-emission vehicles under
13 the National Low Emissions Programs.

14 The effectiveness of the emission
15 control technology used in these vehicles will be
16 compromised by the sulfur that will remain at high
17 levels at 2004 through 2006 under EPA's proposal.

18 Moreover, EPA's proposal will allow
19 gasoline-containing sulfur at levels up to 300 parts
20 per million sold before 2004, the year that the Tier
21 2 standards take effect.

22 Again, the technological advances made
23 in these vehicles will be undermined by the use of
24 high-sulfur fuel in the year 2004 and 2005. We
25 believe it's a better approach to begin phasing in

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1 Rebecca Stanfield - U.S. PIRG
2 cleaner gasoline earlier, so that not all -- so that
3 most, if not all, gasoline sold in 2004 is clean.

4 While a strong first step, EPA's Tier 2
5 proposal does need to be strengthened before it
6 becomes final at the end of this year. I want to
7 highlight just three important changes that should
8 be made to avoid complications, delay and the
9 continuation of undesirable results in the
10 automobile pollution regulation.

11 First, EPA proposed allowing SUVs
12 weighing between 6,000 and 8500 pounds an extra two
13 years until 2009 before the Tier 2 car standards
14 apply. There are a significant and growing number
15 of these larger SUVs on the market, including the
16 ubiquitous Ford Expedition, the Dodge Ram, the
17 Lincoln Navigator; these are not uncommon cars.

18 And EPA's proposal gives these models
19 until 2009, a full decade from now, before their
20 exemption from clean car standards fully expires.
21 We believe that special standards for larger SUVs
22 should expire immediately.

23 Second, EPA's proposal does not address
24 pollution from the largest and dirtiest SUVs at all,
25 those over 8500 pounds. The number of these super

00085

1 Rebecca Stanfield - U.S. PIRG

2 SUVs is also rapidly increasing as the Ford
3 Excursion enters the market to compete with the
4 Chevy Suburban.

5 By not including these models in the
6 Tier 2 program, EPA is giving auto manufacturers an
7 incentive to aggressively develop larger SUVs. We
8 believe that the Tier 2 standards should apply the
9 same .07 NOx average to all passenger vehicles
10 including those over 8500 pounds phased in at the
11 same time as the clean car standards.

12 Third, EPA's proposal will allow the
13 proliferation in diesel vehicles, the pollution from
14 which poses especially severe health risks. A
15 growing body of research shows that diesel exhaust
16 has particularly severe health impacts including
17 greater risks of premature death and cancer.

18 The highest bin in the proposed
19 averaging scheme is designed specifically to allow
20 for more diesel-powered vehicles, which will
21 continue to emit more toxic pollution on gasoline-
22 powered automobiles.

23 The state of California considered and
24 specifically rejected a similar provision, and EPA
25 should do the same.

00086

1 Kevin Smith - Del. Valley Transit Users Groups

2 Again, I want to thank you for allowing
3 me this opportunity to comment on the proposed Tier
4 2 and sulfur gasoline standards. I look forward to
5 submitting more detailed comments. And as I said
6 before, we support the proposal with the above
7 stated strengthening changes.

8 Thank you.

9 MS. OGE: Thank you.

10 Mr. Smith.

11 MR. SMITH: Okay. Hi. My name is Kevin
12 Smith, and I represent the Delaware Valley Transit
13 Users Group.

14 Philadelphia has the second most transit-
15 dependent population in the U.S. with 38 percent of
16 the households car-free. Our household is one of
17 these.

18 I can say with a great deal of assurance
19 that the view from the sidewalk is bleak. Reducing
20 emissions alone will not solve our air quality
21 problems. We must also reduce the amount of driving
22 we do.

23 This is most easily done with walkable
24 neighborhoods and efficient transit systems.
25 Philadelphia has both; however, the current SUV

00087

1 Kevin Smith - Del. Valley Transit Users Groups
2 craze undermines this in several ways.

3 Their sheer size contributes
4 significantly to congestion and parking problems
5 directly impacting the walkability of a
6 neighborhood. It is not uncommon for me to have to
7 dodge an SUV in the street while negotiating around
8 an SUV blocking the sidewalk.

9 As a non-car user, I spend a fair amount
10 of time at roadside walking to and from the bus and
11 train stops and walking or biking within the
12 neighborhood for shopping and other activities.

13 I breathe firsthand the double-whammy
14 and SUV's higher emissions coupled with greater fuel
15 consumption. These last few days have been an
16 abject lesson in where we are heading, taking me
17 back to the days of sore throats and stinging eyes
18 in the Los Angeles of the '60s where I grew up.

19 Philadelphia not only has a lot of
20 transit-dependent people, but also a lot of regular
21 transit users, people who use transit daily to get
22 to and from work. And improvements to the transit
23 systems and gains in ridership, thereby reducing car
24 trips, are quickly erased by even slight increases
25 in SUV miles. Of course the increases are far from

00088

1 Richard Whiteford

2 slight.

3 While the Tier 2 emissions and fuel
4 standards are not about reducing SUV sales and use,
5 they are absolutely necessary in mitigating and
6 curbing their insane propagation, and it cannot
7 happen soon enough. Our organization, therefore,
8 fully endures the proposed changes and, in fact,
9 urges you to go a step further and eliminate the
10 special breaks for larger SUVs and diesel vehicles.

11 America's answer to a looming oil
12 shortage, air pollution, and chronic congestion is
13 to buy ever-larger and ever-more-polluting vehicles
14 and drive them more than ever.

15 This madness must stop.

16 Thank you.

17 MS. OGE: Thank you.

18 Mr. Whiteford.

19 MR. WHITEFORD: Richard Whiteford. I
20 hope the simplicity of my message doesn't undermine
21 the magnitude of or as technical as a lot of people
22 here today. My area of focus is conservation
23 biology, which is about all of the living organisms
24 that keep you and I alive.

25 Global climate changes and the

00089

1 Richard Whiteford

2 overarching are the number one threat to the
3 survival of life as we know it on this planet.
4 Respected scientists tell us we have roughly 12
5 years, and this is based on computer climate models,
6 to reduce carbon dioxide levels or face catastrophic
7 events never before witnessed by humans.

8 We are in the do-or-die decade right now
9 and must make the CO2 reductions. Yet, U.S.
10 auto-makers are going the wrong way with the
11 production of gas-guzzling SUVs. It is time not
12 only to reduce the emission levels on these vehicles
13 but also to force the change of all fossil fuel
14 consumption to hydrogen fuel cell technology or
15 other clean technologies as soon as possible.

16 Thank you.

17 MS. OGE: Thank you.

18 I guess Commissioner Shinn is not here,
19 so I have a couple of questions.

20 Mr. Campbell, just more of a
21 clarification point, when you mentioned one of the
22 concerns you had was this level playing field, I
23 thought I heard you saying loopholes are allowing
24 more time. And I was just trying to figure out what
25 are you exactly referring to, what part of the

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1
2 proposal?

3 MR. CAMPBELL: What we are talking about
4 is the -- first of all, it's involved in the paper
5 trading part of it, which I think is a complexity
6 that doesn't really add much from the standpoint of
7 clean air.

8 The exemption for the small refiner, it
9 seems to me that we had an example years ago when
10 automobile companies put catalysts in reactors, in
11 which case it was lead-free. And at that point you
12 had to get the lead out of gasoline or we wouldn't
13 be in business.

14 But having exemptions and by talking
15 about the potential for hardship playing, what it
16 means is that the schedule people are going to try
17 to attempt to delay on because the delay here is
18 money, and consequently those people that make the
19 investment will have less of an opportunity to be
20 able to recover as long as the industry hasn't gone
21 to that particular standard.

22 MS. OGE: Thank you.

23 I have a question for Mr. Ford -- for
24 Ford Company, Mr. Brown.

25 MR. BROWN: If I was Mr. Ford, I

00091

1

2 wouldn't be here.

3 (Laughter.)

4 MS. OGE: First there is a tremendous
5 disagreement among some, and I won't say all,
6 because I believe that there are companies like
7 Sunoco that can support a national program and
8 support -- you know, you're asking for certain
9 things like more time and are in favor of a national
10 program --

11

MR. BROWN: Yes.

12

13 MS. OGE: -- where we heard Mr. O'Keefe
14 this morning supporting a regional program, there is
15 a disagreement to say the impact of high levels of
16 sulfur to the catalyst especially for the most
17 advanced technologies, the NLEV technologies and the
Tier 2 technologies.

18

19 Could you explain to us why Ford Company
20 cannot design cars to perform at .07 grams per mile
21 NOx standard, to be able to perform with the cutting
22 levels of sulfur 100 ppm or 150 ppm?

23

24 MR. BROWN: Well, actually once the
25 vehicles leave the factory and are exposed to higher
levels of sulfur, the emission rates go up. And
that is one of the things of concern to us.

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1

2

We put a lot of extra money voluntarily in those vehicles. They perform very, very well on low sulfur fuel. And the higher the sulfur, the higher the emissions that come out the tailpipe.

6

7

8

9

So the sooner the sulfur comes out of the fuel, the sooner our customers and the nation will achieve the benefits that we designed into those vehicles.

10

11

12

13

14

MS. OGE: Thank you.

Mr. Mike Hansel, who is with Koch Industries. I understand he is here and has expressed an interest to testify, so I would thank the panel.

15

16

17

18

19

20

21

And thank you very much for sharing your views with us this morning, and we are doing wonderful with the schedule. So I will allow Mr. Hansel to give us his testimony. And then if we have the next panel here, I would like to start that panel, also, as soon as we are done with Mr. Hansel.

22

23

24

25

MR. HANSEL: My name is Mike Hansel.

THE COURT REPORTER: Mr. Hansel, can you spell your name for me.

MR. HANSEL: Yeah. Hansel, H-a-n-s-e-l,

00093

1 Michael Hansel - Koch Industries
2 like the fairy tale. I am with Koch Industries,
3 K-o-c-h, Industries. We are in the oil refining and
4 distribution field.

5 I just want to echo some of the comments
6 already made by Mr. O'Keefe and which will be made
7 later today by Mr. Sternfels. He is from NPRA.

8 Our particular concern is the schedule
9 that is proposed for the proposed rules for
10 producing low sulfur gasoline. We are concerned
11 that the schedule does not give us time enough to
12 design, permit and construct the necessary equipment
13 to produce the low sulfur gasoline that the rules
14 propose.

15 Of particular concern is the
16 permitting. EPA mentions in its preamble and its
17 regulatory impact analysis that our concerns are
18 with resource review and with Title 5 issues and it
19 is proposed to work with states and local air
20 organizations to speed the permit.

21 We have two concerns beyond the concerns
22 that were addressed by the EPA in the preamble, and
23 those concerns have to do with the public
24 participation process and the environmental justice
25 issue.

00094

1 Michael Hansel - Koch Industries

2 Under Title 5 and indeed under the new
3 source review program, states are required to allow
4 for public comment, participation on permits such as
5 refiners will need to build equipment and modify the
6 refineries to make low sulfur gasoline.

7 Typically those public comments take the
8 form of a common period of 30 or 45 days and perhaps
9 some public hearings. Most states, however, in
10 addition to that, allow for an administrative
11 hearing before an administrative law judge.

12 That hearing can take between 3 and 12
13 months because it must be noticed separately. There
14 is often discovery and there is often briefing after
15 the formal hearing.

16 In addition, all states offer the
17 opportunity for judicial review of environmental
18 agency permits. These judicial reviews can take
19 literally years depending upon which part they begin
20 in and how far appeals are taken.

21 That is the concern we have. The full
22 schedule, number one, does not take into account the
23 possibility that administrative and/or judicial
24 appeals and hearings will be asked for by parties
25 outside of the EPA refiners, the state or local air

00096

1 Michael Hansel - Koch Industries

2 resolve that complaint. In the meantime, the permit
3 is literally in limbo. And the refiner stands to
4 risk the literally millions and tens of millions of
5 dollars that must be invested to meet the low sulfur
6 rules not knowing the outcome of that complaint.

7 EPA acknowledges this in the preamble
8 and in the regulatory impact analysis but really has
9 not taken a formal proposal to sufficiently
10 streamline that.

11 We are concerned, as are many other
12 refiners, of being caught with the foot on the gas
13 and the brake pedal in a situation where the
14 environmental justice groups have concerns and use
15 the process set up by EPA, which will delay another
16 process which EPA wants to move forward, which is
17 the low sulfur gasoline.

18 EPA needs to make special provisions to
19 provide permits for producing low sulfur gasoline.
20 It can move forward without being helped by
21 environmental justice claims.

22 I will be happy to stand for questions.

23 MS. OGE: Does the panel have any
24 questions?

25 Thank you very much. Thank you for your

00097

1 Bruce Carhart - Ozone Transport Commission
2 testimony.

3 I would like to ask Mr. Bruce Carhart to
4 come forward.

5 And Bruce is not in the room?

6 Mr. Louis Frank, Sam Leonard, Ms. Ann
7 Mesnikoff, and Mr. Tom Helm.

8 Mr. Carhart?

9 MR. CARHART: Just putting my name.

10 Good morning. My name is Bruce Carhart
11 and I am the executive director of the Ozone
12 Transport Commission or OTC.

13 The OTC was created by Congress as a
14 result of the Clean Air Act amendments of 1990 to
15 coordinate control planning for ground-level ozone
16 in the Northeast and Mid-Atlantic states. Twelve
17 states and the District of Columbia are represented
18 on the OTC.

19 The hearing today focuses on the long-
20 term production of motor vehicle emissions. For
21 EPA's Tier 2 proposal, diesel trucks and motor
22 vehicle emissions remain a very large contributor to
23 ozone concentration problems in our region. Let me
24 outline for you what we as states face.

25 First, we are clearly facing a public

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1 Bruce Carhart - Ozone Transport Commission
2 health problem. This challenge can also be
3 understood through the perspective of historical
4 data. Attached to my testimony are charts
5 summarizing the 1998 ozone season data for the
6 Eastern part of the United States.

7 The charts show exceedences of the
8 levels of both the one-hour and eight-hour national
9 ambient air quality standards. It show exceedences
10 of standards in a number of regions not just in the
11 Northeast Mid-Atlantic region.

12 Under the Clean Air Act, states are
13 required to develop plans which demonstrate how air
14 quality will meet these health-based standards. We
15 will submit revised and expand the versions of the
16 state with their formal comments, but I believe the
17 state has demonstrated significant public health
18 problems over a large geographic area.

19 It is worth noting that the recent U.S.
20 Circuit Court of Appeals agreement and the EPA of
21 the eight-hour ozone standard does not change the
22 health problem that we face and it does not change
23 the sort of actions that must be taken to address
24 it.

25 We are, in fact, moving forward to

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1 Bruce Carhart - Ozone Transport Commission
2 address the eight-hour standard including looking at
3 potential control measures that may be necessary to
4 meet it.

5 In addition, once we attain the levels
6 of the one-hour standard, maintaining that level of
7 protection of public health necessitates actions now
8 to assure that emissions continue to be reduced in
9 the face of factors which tend to increase the
10 emissions.

11 The role of motor vehicles in this
12 context must be stressed. Attached to my testimony
13 are bar graphs to illustrate the contributions of
14 motor vehicles to overall emissions to nitrogen
15 oxide, or NOx, in our region.

16 Despite the reduction in NOx emission by
17 2007, additional control measures must still be
18 defined. Motor vehicles remain a substantial
19 contributor of the future emissions and this
20 contradiction could, in fact, grow in time.

21 Our experience tells us that traffic or
22 vehicle miles traveled tends to increase
23 substantially over time thereby reducing emission
24 reduction benefits of motor vehicle emission control
25 programs.

00100

1 Bruce Carhart - Ozone Transport Commission

2 After our required attainment dates for
3 the one-hour standard, we must actively look at how
4 maintenance of the air quality projected to occur at
5 that time will be achieved. And the increase in
6 traffic makes this effort more difficult. Increased
7 motor vehicle traffic can be addressed at least in
8 part by an ever-cleaner motor vehicle fleet.

9 Clearly the emission reductions from the
10 Tier 2 gasoline sulfur proposal will help our air
11 quality maintenance efforts. It would also provide
12 additional insurance for attainment of the one-hour
13 standard and provide eight-hour ozone air quality
14 benefits as well.

15 Because fleet turnover can take many
16 years and additional emission reductions are
17 necessary as quickly as possible, it is important
18 for the program rules to be finalized promptly,
19 specifically by the end of this year.

20 Any delay beyond the end of 1999 could
21 mean the loss of emission reductions for our region
22 when the program is implemented.

23 This could happen in two ways: First,
24 any delay in the program would mean dirtier cars
25 being bought in our region; second, we are depending

00101

1 Bruce Carhart - Ozone Transport Commission
2 on the implementation of a national program for both
3 clean vehicles and clean fuels to ensure that
4 vehicles bought outside of our region and driven
5 into our region provide emission reductions as
6 well.

7 I should also note that relative to some
8 of the discussions earlier today, any irreversible
9 impacts due to higher sulfur fuels represent a loss
10 of emission reductions as well.

11 Our main concerns, therefore, rest not
12 with the proposal itself but EPA's next steps. EPA
13 must finalize this proposal by the end of this year
14 and must maintain the emission reductions outlined
15 in the proposal starting with the 2004 model year.

16 Any delays or weakening would mean
17 potential detrimental impacts on public health and
18 would force states to deal with the resulting
19 shortfalls in emissions reductions.

20 In conclusion, we strongly support your
21 proposal and urge you to finalize it promptly. We
22 also want to stress the importance of EPA continuing
23 to review research as it becomes available on even
24 cleaner fuels and vehicles.

25 While EPA's Tier 2 gasoline and sulfur --

00102

1 J. Louis Frank - Marathon Ashland
2 Tier 2 gasoline and sulfur proposal is needed and
3 should be finalized as soon as possible, additional
4 information on advances in vehicle and fuel design
5 and related data on available emission reductions
6 should be encouraged whenever possible.

7 We will be filing detailed comments by
8 the comment deadline, and I thank you for the
9 opportunity to come before you today.

10 MS. OGE: Thank you.

11 Mr. Frank. Mr. Frank.

12 MR. FRANK: Good morning. My name is
13 Corky Frank, and I am president of Marathon
14 Ashland Petroleum Company, which is the fourth
15 largest United States refinery.

16 I am here today on behalf of my
17 company to talk about the EPA's recently
18 announced Tier 2 proposal. EPA's primary basis
19 for the proposed rule lies in meeting the
20 national ambient air quality standards on that.
21 It is clear from the language of the rule that
22 EPA relies heavily on the new eight-hour ozone
23 and fine particulate matter and acts to justify
24 the proposed Tier 2 proposal.

25 On May 13th, United States Court of

00103

1 J. Louis Frank - Marathon Ashland
2 Appeals in the District of Columbia dealt a
3 severe blow to the proposed Tier 2 rule when it
4 declared both of these new standards
5 unenforceable.

6 Not only does the NAAQS decision
7 remove underlying legal justifications for the
8 rule, but it bars EPA from employing the numbers
9 it used to justify the rule on a cost benefit
10 basis. The new ozone and fine particulate
11 standards account for more than 85 percent of the
12 benefits EPA attributes to the Tier 2 rule.

13 EPA's very expensive program will
14 only be workable if it is substantially changed.
15 In other words, to make these changes, we believe
16 EPA must withdraw the proposal, make revisions
17 and reissue it, particularly in light of the
18 recent court decisions on the matter.

19 First it imposes a national solution
20 for a problem that is uniquely regional as shown
21 in Exhibit 1. A one-size-fit-all approach makes
22 no sense because air quality problems vary
23 dramatically across the nation. They tend to be
24 more severe in urban areas on the West Coast and
25 throughout much of the highly populated

00104

1 J. Louis Frank - Marathon Ashland
2 Northeast.

3 By contrast, much of the heartland
4 west of the Mississippi River enjoys air quality
5 that is very good. Finally, if our air quality
6 objectives are defined by the original one-hour
7 ozone NAAQS, the number of non-attainment areas
8 will decrease significantly.

9 A regional approach will also not
10 impair air quality as vehicles travel back and
11 forth between the two geographic regions using
12 different gasoline. We believe that catalysts in
13 the automobile converters can reverse the effects
14 of high sulfur fuels and, therefore, that
15 catalyst irreversibility is not a real world
16 problem.

17 API and NPRA have shared with EPA the
18 peer-reviewed emissions research, which was
19 gathered in conjunction with the autos which
20 supports this thesis.

21 Unfortunately EPA has rejected this
22 information out of hand, overlooking entirely our
23 industry's research into the reversibility of
24 sulfur affects on low-emission vehicle, or LEV,
25 catalysts.

00105

1 J. Louis Frank - Marathon Ashland
2 API has provided the studies to EPA
3 which demonstrate that there are many tools
4 available to the emission control design engineer
5 to make LEVs and future vehicles more sulfur
6 tolerant and 100 percent reversible.

7 These tools include changing the
8 catalyst structure, the precious metals loadings
9 on the catalyst, the ratio of precious metals,
10 the location of the catalyst, and making engine
11 performance adjustments.

12 Let me now say a word on the cost
13 side. Our estimate of 5 cents per gallon in
14 additional consumer costs for low sulfur gasoline
15 that EPA is proposing may not seem like a lot of
16 money to some, but it's \$5.7 billion annually.

17 On a nationwide basis, the added cost
18 of the EPA's proposal would total more than \$7
19 billion in new investments and substantially
20 increase operating costs for the United States
21 refineries.

22 For some refiners, EPA's proposed
23 regulation will be the proverbial straw that
24 breaks the camel's back. Facilities will close
25 and jobs will be lost. Since the phase-in of the

00106

1 J. Louis Frank - Marathon Ashland
2 identical sulfur lowering requirements in
3 California's gasoline in 1996, 11 percent of the
4 State's refineries have shut down, as shown on
5 Exhibit 2.

6 Given the potential national costs of
7 solving a reasonable problem, it is surprising
8 that EPA has chosen to push vehicle and fuel
9 technology to such extreme limits. The Agency
10 claims that the benefits of the proposed program
11 are as much as five times the cost, but this
12 estimate is based on the use of desulfurization
13 technology that is not yet commercially proven
14 and which refiners may not be able to employ
15 within the required time frame.

16 The Agency's benefit estimates are
17 based on epidemiological data that have not been
18 released on any external review and on highly
19 questionable valuation subjects. Secret science
20 or science that is not available for public and
21 Congressional review must not be the basis for
22 federal regulation.

23 In the Clean Air Act Amendments of
24 1990, Congress required EPA to use
25 cost-effectiveness in developing any Tier 2

00107

1 J. Louis Frank - Marathon Ashland
2 standards. However, the cost of the Agency's
3 proposed gasoline standards is more than triple
4 the cost of the vehicle changes.

5 In fact, the proposed gasoline
6 changes are 15 times more costly than the EPA's
7 NOx SIP call proposal for NOx reductions from
8 utilities and 7 times more costly than inspection
9 and maintenance controls on cars that are already
10 in place, as shown on Exhibit 3.

11 Additionally, the Agency relied
12 heavily on the new eight-hour ozone and fine
13 particulate matter NAAQS in this economic
14 analysis to justify the tremendous costs of
15 meeting the fuel sulfur limit by 2004.

16 If these new NAAQS are ultimately
17 vacated or substantially revised, the Agency will
18 be forced to reexamine all of its underlying
19 economic analysis for the Tier 2 rule.

20 The timing of EPA's proposal presents
21 the greatest problems for the petroleum
22 industry. Companies would be required to begin
23 producing and marketing the new low sulfur
24 gasoline in 2004. This is an unreasonable
25 timetable, especially now that the Court has

00108

1 J. Louis Frank - Marathon Ashland
2 called into question the new ozone and fine
3 particulate NAAQS.

4 Extending the deadline for complying
5 with the fuel sulfur rule by at least two years
6 can be justified on many grounds. First,
7 allowing several more years to comply with the
8 new standard will enable refiners to find and
9 install the most cost-effective technology
10 currently.

11 Currently, there is promising but
12 commercially unproven desulfurization technology
13 that may reduce the capital cost of meeting lower
14 sulfur limits by 50 percent. The savings to the
15 industry and the consumers is dramatic. It will
16 be 3 and a half billion dollars versus the 7
17 million currently forced out.

18 I'm sorry, that's 7 billion.

19 The dilemma facing my company is
20 whether to risk investment in this unproven
21 technology and face regulatory exclusion from the
22 market if it fails or does not work or commit
23 millions of dollars of additional investment in
24 known technology and face economic exclusion from
25 the market due to the higher cost of meeting the

00109

1 J. Louis Frank - Marathon Ashland
2 Tier 2 limit.

3 Second, these savings and
4 efficiencies are compatible with continued
5 achievement of good air quality. The industry
6 has proposed a 50 percent reduction in fuel
7 sulfur levels by the year 2004 as shown on
8 Exhibit 4.

9 By contrast, EPA's more stringent
10 Tier 2 levels will achieve additional ozone
11 concentration reduction of only one to two parts
12 per billion in many areas.

13 Third, there is no immediate risk
14 requiring urgent near term action. EPA projects
15 that air quality will continue to improve over
16 the next ten years even without the Tier 2
17 vehicle or low sulfur gasoline programs.

18 Phase II reformulated gasoline or RFG
19 and NLEVs will help assure continuing product.
20 Reducing sulfur by over 50 percent, as the oil
21 industry has proposed, would provide significant
22 benefits beyond this.

23 Fourth, delaying the implementation
24 of the Tier 2 rule would give the Agency time to
25 determine whether its new ozone and fine

00110

1 J. Louis Frank - Marathon Ashland
2 particulate matter NAAQS will survive additional
3 scrutiny and to reconcile the Tier 2 rule to any
4 revisions to those standards.

5 The recent NAAQS decision undermines
6 the very basis of the low sulfur proposed rule.
7 The NOx SIP call decision foreshadows a similar
8 judicial fate for any Tier 2 rule that relies
9 heavily on the new eight-hour ozone standard.

10 The EPA should either revise its
11 proposal to eliminate any reliance on the new --
12 on the two new NAAQS or put the Tier 2 rulemaking
13 on hold pending the outcome of the NAAQS
14 litigation.

15 An additional concern with EPA's
16 proposal is that it treats refiners unevenly by
17 putting some smaller refiners on a different
18 implementation schedule and the rest of it. From
19 a competitive perspective, this is neither
20 acceptable nor necessary.

21 We ask that the EPA give us a fair
22 chance to compete on a level playing field. A
23 regional approach to reducing sulfur would solve
24 the problem EPA is attempting to address without
25 creating the dilemma.

00111

1 J. Louis Frank - Marathon Ashland
2 Further EPA's sulfur credit banking
3 and trading program is intended to provide
4 flexibility to the industry during the phase-in
5 of the gasoline sulfur requirement --

6 MS. OGE: I'm sorry. Mr. Frank?

7 MR. FRANK: Yeah.

8 MS. OGE: Mr. Frank, I would
9 appreciate it if you can finalize your remarks,
10 please.

11 MR. FRANK: Okay.

12 MS. OGE: Ted is trying to show you
13 the time, and you are so busy reading your
14 statement, we appreciate that, but we do have
15 some others scheduled, so we would like to --

16 MR. FRANK: Can you give me 30
17 seconds to wrap up?

18 MS. OGE: 30 seconds? 30 seconds,
19 yeah, okay. You've got 30 seconds.

20 MR. FRANK: Under EPA'S proposed
21 scheme, early credits are generated only to the
22 extent a refiner meets the new sulfur levels in
23 advance of 2004. And due to the logistical
24 limitations inherent in constructing new refinery
25 process units, the timing is such that few, if

00112

1 Sam Leonard - General Motors
2 any, companies will be able to generate the
3 necessary credits to make the system work.

4 In addition to not achieving its
5 intended purpose, the establishment of a banking
6 and trading program introduces other undesirable
7 consequences, such as providing foreign refiners
8 with a competitive advantage over domestic
9 refiners by allowing them to manipulate
10 blendstocks sold into the United States and play
11 games with their base lines.

12 The program would also create the
13 potential for cheating by downstream blenders and
14 suppliers.

15 And I would like to say that my
16 company as well as the industry's proposal is
17 prepared to work with the EPA to come to a
18 workable conclusion in this regard.

19 MS. OGE: Thank you, Mr. Frank.

20 Mr. Sam Leonard?

21 MR. LEONARD: Thank you, Margo.

22 I've already changed my testimony.

23 It's "good morning" now instead of "good
24 afternoon."

25 No, it is "Good afternoon."

00113

1 Sam Leonard - General Motors

2 I'm Sam Leonard. I am a director of
3 General Motors Public Policy, responsible for
4 mobile source emissions and fuel efficiency
5 policy.

6 General Motors stands ready to work
7 with the EPA in the months ahead to reach a final
8 rule on Tier 2 vehicle emissions standards that
9 is both effective and workable. Our mutual goal
10 should be a balanced regulation that will protect
11 the environment, preserve our customers'
12 preferences and allow the pursuit of multiple
13 engine technology solutions.

14 No other auto industry -- no other
15 industry sector has done as much as the auto
16 industry has to clean the air. As this slide
17 shows, the annual light duty, on-highway vehicle
18 emissions have been reduced 60 percent for
19 volatile organic compounds, 44 percent for carbon
20 monoxide compounds, and 11 percent for oxides of
21 nitrogen since 1970 despite a more than doubling
22 of vehicle-miles-traveled and the change in the
23 fleet mix. And you can see in the green areas
24 the contribution from the remainder of the
25 sources of emissions.

00114

1 Sam Leonard - General Motors
2 Beginning with the volunteer industry
3 national low-emission vehicle program in 2001,
4 new vehicle VOC plus NOx emissions will be 97
5 percent cleaner than 1970 models and more than 99
6 percent cleaner than uncontrolled levels.

7 As you can see from the -- or have
8 heard from the earlier bold proposal made by the
9 Alliance of Automobile Manufacturers, we are
10 willing to do more, as illustrated by the Tier 2
11 levels in this chart that you can almost see.

12 We do need help, though, because the
13 vehicles and the fuels work as a single system.
14 In contrast to the 97 percent reduction in
15 emissions required of NLEV vehicles, and the 99
16 plus percent reduction proposed by the Alliance
17 for Tier 2 vehicles --

18 Another one. This is additional
19 reduction of other sources of VOC.

20 UNIDENTIFIED SPEAKER: Do you want
21 this previous chart?

22 MR. LEONARD: Actually I don't. One
23 more -- no. Keep going. That one.

24 UNIDENTIFIED SPEAKER: Okay.

25 MR. LEONARD: In contrast to the 97

00115

1 Sam Leonard - General Motors
2 percent reduction in emission required of NLEV
3 vehicles and the 99 plus percent reduction
4 proposed by the Alliance for Tier 2 vehicles,
5 fuel sulfur levels today remain uncontrolled in
6 this country.

7 GM applauds EPA's recognition of the
8 need to lower sulfur levels in fuels and its
9 proposal to reduce average sulfur levels by about
10 90 percent.

11 Yet, the EPA's proposed sulfur levels
12 do not go far enough, even lower sulfur levels
13 are needed to enable the catalyst in the vehicle
14 to reach peak efficiency and assure the
15 successful introduction of future propulsion
16 system.

17 As shown in this chart, there is much
18 to be gained from the current vehicle fleet by
19 going from 30 ppm level proposed by EPA to the
20 near zero sulfur levels proposed by the
21 Alliance. And this is the current plate.

22 I am not even going to try to read
23 this one. It is in my package for information
24 purposes.

25 But the Alliance proposal includes

00116

1 Sam Leonard - General Motors
2 many aspects of EPA's proposed Tier 2 rule, and
3 this chart is a comparison of the Alliance
4 proposal, major aspects of the Alliance proposal
5 with the EPA rule.

6 And the Alliance proposal includes
7 the .07 NOx average level. It is not limited to
8 proven technologies but accepts many
9 technological challenges requiring invention,
10 especially for newer engine and emission control
11 systems.

12 Thus, we are concerned that the EPA
13 proposal lacks flexibility to accommodate these
14 challenges, which may well limit our ability to
15 develop advanced technology and could restrict
16 the customer choice in the marketplace.

17 This is the list of concerns: First
18 we are concerned with the EPA's -- that the EPA's
19 proposal precludes advanced lean burn, direct
20 injection technologies needed to improve fuel
21 efficiencies. The National Research Council in
22 its review of the progress of the Partnership for
23 a New Generation of Vehicles has cited the new
24 EPA standards as one of the largest challenges to
25 the successful introduction of these

00117

1 Sam Leonard - General Motors
2 technologies.

3 We believe it would be a mistake for
4 EPA to discourage the advancement of these
5 promising technologies and to ignore the
6 necessary balance between emissions and fuel
7 efficiency objectives.

8 In addition to the emission benefits
9 low sulfur fuels bring to the current fleet, it
10 is clear from work to date that near zero sulfur
11 levels for both gasoline and diesel fuel as
12 proposed by the Alliance are critical to the
13 development of these fuel-efficient
14 technologies.

15 This next chart demonstrates the
16 emission control capabilities projected by GMPP
17 for these new fuel-efficient technologies even
18 with near zero sulfur fuels.

19 It is clear that EPA needs to add
20 standard bins at both higher and lower levels, as
21 proposed by the Alliance to accommodate these
22 technologies. Higher levels would allow the
23 advanced technologies to be introduced and lower
24 levels would provide a possibility of offsetting
25 them to meet the fleet average NOx requirements.

00118

1 Sam Leonard - General Motors

2 Such a change in the number and level
3 of bins would not effect the air quality benefits
4 of the proposal because total emissions are
5 controlled by the fleet average emission levels
6 and not by the individual standard bins.

7 Back to the previous slide.

8 The second concern is the time line
9 and standard levels proposed by the Alliance
10 allowed for the invention, development and
11 validation needed to ensure that the technology
12 works in the hands of the customer and provides
13 the real world benefit for which it is intended.

14 The EPA time line significantly
15 increases the risk of failure. EPA's proposed
16 rule also increases the stringency of the NOx
17 standard for many of the 2004 and later model
18 year vehicles which are not part of the Tier 2
19 phase-in.

20 These phase-out standards should not
21 be changed but should remain harmonized with NLEV
22 and California LEV standards. That stability
23 would allow us to focus our resources on the
24 interim Tier 2 and final Tier 2 standards.

25 The third concern is EPA's proposal

00119

1 Sam Leonard - General Motors
2 assumes that the larger light-duty trucks,
3 including full-size pick-ups and sport-utility
4 vehicles, can meet the same emission standards
5 across the board as cars.

6 Although trucks have become more
7 efficient, cleaner, and safer, there are
8 significant technical issues unique to trucks
9 because of the work they are designed to
10 perform.

11 Full-size trucks offer the utility
12 that customers demand, whether it is the farmer,
13 the construction manager or the family who uses
14 the truck for recreational activities such as
15 boating and camping.

16 Automatically applying car emissions
17 standards and related regulatory deadlines to
18 trucks could significantly impact the utility and
19 resulting sales success of this vehicle segment.

20 Currently trucks are the only growth
21 segment in the industry employing more than
22 85,000 workers in truck assembly plants alone.

23 And fourth, we are concerned that the
24 EPA's proposed rule would place manufacturers of
25 both cars and trucks at a competitive --

00120

1 Sam Leonard - General Motors

2 manufacturers who produce both cars and trucks at
3 a competitive disadvantage. This is because EPA
4 proposes that the full-size trucks be placed in
5 the same fleet average as cars and because
6 full-size trucks are more difficult to control,
7 they do twice the work on the procedure as a
8 smaller car.

9 Manufacturers such as GM would be
10 required to put more hard work and more cost in
11 its smaller cars to offset the higher emissions
12 inherent to full-size trucks and sport-utility
13 vehicles. This would result in car sales lost to
14 our competitors that primarily sell cars, and
15 ultimately fewer American jobs.

16 To avoid introducing a competitive
17 disadvantage, we support a separate fleet average
18 for full-sized trucks as proposed by the
19 Alliance.

20 Lastly, clearly this is one of the
21 most technology-forcing rulemakings ever
22 undertaken by EPA and ever faced by our
23 industry. The standards proposed by the
24 Alliance, let alone those proposed by the EPA,
25 are significant stretch objectives that require

00121

1 Sam Leonard - General Motors
2 inventions of new technology.

3 The standards also impact other
4 objectives, including fuel efficiency and
5 advanced technology vehicles, customer choice,
6 and the competitiveness of the U.S. auto
7 industry. It is imperative that an independent
8 study of the program be conducted in 2004, in
9 time to make mid-course corrections to the 2007
10 and 8 model year requirements, if necessary, to
11 ensure that these objectives are properly
12 balanced.

13 Such a mid-course review becomes
14 critically important to air quality as well,
15 because we are seeing a growing body of evidence
16 that further reductions in mobile source NOx may
17 actually increase ozone levels in many of our
18 most highly populated urban areas.

19 GM is firm in its commitment to
20 preserve the environment, to provide cleaner
21 vehicles and to offer a variety of products based
22 on our customers' needs. However, it is clear
23 that changes are needed to the proposed rule to
24 meet all of these goals simultaneously.

25 We will work with the EPA and others

00122

1 Ann Mesnikoff - Sierra Club, Nat'l Office
2 as necessary, during this critical rulemaking
3 process to balance all of these needs so that we
4 may continue to supply vehicles that our
5 customers want to buy.

6 Thank you.

7 MS. OGE: Thank you, Sam.

8 Ms. Mesnikoff.

9 MS. MESNIKOFF: My name is Ann
10 Mesnikoff. I am a representative with Sierra
11 Club's Global Warming and Energy Program. And on
12 behalf of our more than one-half million members
13 nationwide, I appreciate the opportunity to
14 testify today on behalf of Sierra Club. And it's
15 for EPA's low sulfur fuel and Tier 2 auto
16 pollution standards.

17 EPA is taking the right course by
18 setting tough standards for both vehicles and
19 fuels in this process. The EPA is doing a public
20 service by exposing and dressing the dirty little
21 secrets of the oil and auto industry: that
22 gasoline with sulfur is dirty and that SUVs and
23 other light trucks are spewing out three to five
24 times more pollution than cars.

25 We cannot have the cleanest vehicles

00123

1 Ann Mesnikoff - Sierra Club, Nat'l Office
2 if the gasoline is dirty. And with low sulfur
3 gasoline, auto-makers will be able to employ new
4 technologies that will slash auto pollution.
5 Sierra will be submitting more
6 detailed comments to the record that will include
7 this postcard featuring Billy Tinker, a little
8 boy with asthma in Texas. More than 15,000
9 Americans sent this card to the Vice President
10 urging him to support Tier 2 standards.
11 In addition, I will include the
12 statement of Megan Beach, who is a 9-year-old
13 child with asthma, the daughter of a local Sierra
14 Club member. And I will include those in our
15 statement.
16 And I also just want to make one
17 quick point. Since a recent court decision has
18 been referred to, that the twisted legal
19 reasoning of a court in D.C. did not undermine
20 the EPA's conclusion that the current standards
21 don't protect public health, they don't protect
22 Megan's health and that our air is dirty, and
23 that we need to go forward on these standards
24 based on the existence of them.
25 I would like to applaud EPA today and

00124

1 Ann Mesnikoff - Sierra Club, Nat'l Office
2 also point out three major areas where we would
3 like to see improvements in the standards.
4 First, I would like to talk about the national
5 sulfur standard and then talk about cleaning up
6 light trucks and then finally about diesel
7 vehicles.

8 First, the national sulfur standard.
9 The Sierra Club strongly supports EPA's national
10 sulfur standard. Not only is cleaning up
11 gasoline important for reducing pollution of
12 vehicles on the road, it is the --

13 THE COURT REPORTER: I'm sorry. Ms.
14 Mesnikoff, I need you to slow down and I need you
15 to keep your voice up for me.

16 MS. MESNIKOFF: I'm sorry about that.

17 Not only is cleaning up gasoline
18 important for reducing pollution of vehicles on
19 the road, it is the linchpin of the Tier 2
20 program.

21 Except in California, gasoline sold
22 nationally averages 300 parts per million of
23 sulfur. Sulfur in gasoline degrades emissions
24 control equipment in all vehicles causing them to
25 pollute more than they should. Sulfur in

00125

1 Ann Mesnikoff - Sierra Club, Nat'l Office
2 gasoline inhibits the use of cleaner, advanced
3 technologies that will make all cars emit less
4 air pollution as well as global warming
5 pollution.

6 California has shown that cutting
7 sulfur can be done cost effectively and it helps
8 to reduce pollution. EPA must not cave in to
9 pressure from the oil industry to adopt a
10 regional approach which won't work. A national
11 standard is essential.

12 The air in many Western cities is
13 unhealthy to breath. These are rapidly growing
14 cities with more and more vehicles driving more
15 and more miles. The children in these Western
16 cities need the air pollution benefits of low
17 sulfur fuel [sic].

18 Also because sulfur is prone to
19 damage catalysts, a regional approach will not
20 work in a mobile society. A regional standard
21 will not protect the pollution control equipment
22 of vehicles traveled to and are refueled in dirty
23 gasoline states. Americans who travel to the
24 West return home with damaged catalysts causing
25 their vehicles to pollute more in their home

00126

1 Ann Mesnikoff - Sierra Club, Nat'l Office
2 states.

3 The sulfur standard must protect
4 emissions control equipment of vehicles designed
5 to meet the Tier 2 program. All Americans
6 regardless of region deserve cleaner fuel and
7 cleaner air.

8 The American Lung Association's
9 recent polls show that 83 percent of Americans
10 are willing to pay 2 cents or so the EPA
11 estimates it will cost to clean up gasoline. And
12 even 51 percent say that they will pay 5 cents a
13 gallon. These are reasonable -- a reasonable
14 cost for the incredible benefits we will get for
15 air pollution.

16 Finally, however, the EPA is giving
17 too much flexibility to the oil industry. The
18 system that allows banking and trading of sulfur
19 credits could allow some oil companies to sell
20 gasoline with as much as 300 parts per million in
21 sulfur, in today's average, in the early years of
22 the Tier 2 program. This dirty gasoline will
23 compromise the emissions control equipment
24 consumers will buy. We must not compromise the
25 air quality for the sake of flexibility.

00127

1 Ann Mesnikoff - Sierra Club, Nat'l Office

2 Second, cleaning up light trucks.

3 Sierra Club is concerned with two gaping
4 loopholes in the proposed Tier 2 rule: closing
5 the light truck air pollution loophole and
6 addressing passenger vehicles over 8500 pounds.

7 EPA is taking a critical step in
8 establishing a set of standards to be applied to
9 all passenger vehicles: cars, and minivans, SUVs
10 and pick-ups. The American Lung Association's
11 recent poll shows that 88 percent of the American
12 voters agree that the same standard should apply
13 to all of these vehicles; even SUV and minivan
14 owners agree.

15 Now that the SUVs and light trucks
16 are about 50 percent of the new vehicle market,
17 we cannot afford to give them a license to
18 pollute three to five times more than cars. The
19 Sierra Club opposes EPA's proposed delays in
20 cleaning up the heaviest and dirtiest trucks,
21 those between 6,000 and 8500 pounds, until 2009.

22 Extending the compliance deadline for
23 these vehicles is more pollution for our
24 children.

25 SUVs like the Chevy Suburban will

00128

1 Ann Mesnikoff - Sierra Club, Nat'l Office
2 still be spewing out three times more than the
3 dirty Tier 2 vehicles of 2009. And since these
4 vehicles will be in use for ten years or more,
5 this is a lot more air pollution over a long
6 period of time.

7 Ford's recent announcement that it is
8 cleaning up smog emissions from pick-ups and its
9 prior decision to clean up SUVs shows that the
10 technology is there for cleaner vehicles even
11 with dirty gasoline.

12 Ford should be commended for its
13 actions, which it estimates it will cost \$100 per
14 vehicle. The question for the other auto-makers
15 is: Why weren't they following Ford's lead now?
16 With technology and cleaner gasoline, they can
17 clean up even the heaviest SUVs to meet the Tier
18 2 standard by 2007.

19 It is also important to note that
20 while EPA should be applauded with regards to
21 addressing the pollution loophole for light
22 trucks, the fuel economy, Corporate Average Fuel
23 Economy loophole remains for light trucks to
24 guzzle more gas and spew out more global warming
25 pollution than cars.

00129

1 Ann Mesnikoff - Sierra Club, Nat'l Office

2 And finally, in closing the
3 light-truck loophole, the EPA must apply the Tier
4 2 standards to the super-heavy SUVs, those over
5 8500 pounds such as Ford's new Excursion.
6 Excluding this giant new passenger vehicle from
7 the program ignores the air pollution problems
8 these new vehicles will cause.

9 Excluding this -- excluding these
10 vehicles will provide auto-makers a perverse
11 incentive to add weight to the vehicles to avoid
12 the Tier 2 program altogether. It will also
13 allow them to avoid the fuel economy program as
14 well. EPA must remove this incentive from the
15 Tier 2 program.

16 And finally on diesel vehicles, the
17 Sierra Club strongly supports EPA's decision to
18 issue fuel-neutral standards. Unfortunately,
19 EPA's standards are not fuel neutral; in fact,
20 the details of the program reveal that special
21 consideration was given to diesels.

22 The dirtiest Tier 2 bins in the Tier
23 2 program are not necessary for gasoline
24 engines. By including them in the Tier 2
25 program, EPA would encourage the deployment of

00130

1 Ann Mesnikoff - Sierra Club, Nat'l Office
2 diesel vehicles, particularly in SUVs. These
3 diesel engines would not be as clean as gasoline
4 engines and they would prohibit cleaner air.

5 Diesel exhaust is toxic, it is a
6 possible carcinogen, and it should not be
7 encouraged for the Tier 2 program.

8 Auto-makers hope to use diesel
9 engines in this SUV because they are failing to
10 meet weak economy program standards. In
11 addition, Partnership for a New Generation of
12 Vehicles is relying on diesel-based technology.
13 It is, therefore, no surprise that the
14 auto-makers are firmly behind a bin program which
15 does promulgate diesels, but this compromises
16 public health.

17 In sum, Sierra Club commends the EPA
18 for proposing a national sulfur standard and the
19 Tier 2 program. Together these standards will
20 slash smog-forming pollution and other pollutants
21 as well. The EPA's program will be improved by
22 speeding up the phase-in of sulfur, closing --
23 fully closing the light-truck loophole by 2007,
24 addressing super-heavy SUVs, and dropping the two
25 dirty bins in your Tier 2 program.

00131

1 Robert Shinn - NJ DEP

2 The Sierra Club looks forward to
3 working with the EPA to improve the proposed
4 standards. EPA knows how critical it is to
5 finalize these standards by December 31st, 1999.
6 Delays could give both the oil and auto industry
7 an extra year until the program begins until
8 2005. We look forward to the issuance of the
9 final ruling by the end of the year. Thank you.

10 MS. OGE: Thank you, Ann.

11 Mr. Shinn.

12 MR. SHINN: Thank you. And good
13 afternoon. My name is Bob Shinn, and I am the
14 commissioner of the New Jersey Department of
15 Environmental Protection.

16 I would like to thank the U.S. EPA
17 for the opportunity to comment on the Tier 2
18 sulfur control proposal. I am pleased to be here
19 in support of the Agency's efforts to further the
20 cause of clean air across our nation. These
21 measures are critical to the health of New Jersey
22 residents.

23 As your proposal demonstrates so
24 clearly, the measures proposed are critical to
25 the attainment and maintenance of the national

00132

1 Robert Shinn - NJ DEP
2 ambient air quality standards for ozone, commonly
3 known as the one-hour standard. This is
4 especially true for us in New Jersey, and I will
5 discuss further in a moment.

6 Even more daunting for us will be the
7 task of meeting even the more stringent
8 health-based eight-hour standard, which, as you
9 are all aware, was overturned by the U.S.
10 District Court of Appeals for the District of
11 Columbia. But it's a decision which I believe
12 when the dust settles good judgment will prevail
13 and future court decisions will return us to the
14 health-based eight-hour standard.

15 We must act with the expectation that
16 we will need to comply with the health-based
17 standard in the near future. You should remember
18 that an attack on this standard has succeeded to
19 date not because the scientific basis is not
20 sound but rather because the Court found the
21 procedural vulnerability. The science supports
22 the need for more stringent standards to protect
23 public health which means New Jersey air will
24 continue to be unhealthy until we take additional
25 regional measures to further reduce the level of

00133

1 Robert Shinn - NJ DEP
2 ozone in the region.

3 As Bruce Carhart just testified on
4 behalf of the Ozone Transport Commission, those
5 mobile source clean air measures are critical to
6 the Northeastern United States. Our region
7 depends not only on the adoption of this
8 proposal, but a timely implementation of the
9 proposed standards.

10 A delay beyond the targeted start of
11 the program this year will be continued exposure
12 to our residents during unhealthy summer days
13 such as we have experienced this past week.

14 In fact, as of today we've had nine
15 days where the eight-hour health standard was
16 exceeded, and one day where the one-hour standard
17 was exceeded and summer hasn't arrived yet.

18 Unfortunately, we are ahead of last
19 year's record where New Jersey experienced a
20 total of 47 days in violation of the eight-hour
21 health standard and four days in violation of the
22 one-hour standard.

23 The Clean Air Act requires
24 implementation of these Tier 2 standards when the
25 administrator finds that there is a need for

00134

1 Robert Shinn - NJ DEP

2 further reduction of emissions from light-duty
3 vehicles and light-duty trucks in order to obtain
4 or maintain the national ambient air quality
5 standard. The EPA's proposal recognizes the need
6 for these further emission reductions across the
7 country, and the need in New Jersey is
8 particularly serious.

9 If the more stringent eight-hour
10 standard is finally implemented, New Jersey will
11 face an even greater challenge to bring the air
12 quality into compliance with the standard and
13 protect the health of our residents.

14 Last year New Jersey submitted to EPA
15 an attainment demonstration of its one-hour
16 standard which while it did not reflect the Tier
17 2 program, it did reflect the recent NOx SIP call
18 also currently under challenge in the courts.

19 We were able to demonstrate the
20 attainment of the one-hour NAAQS standard by
21 target dates, but we noticed there was
22 significant uncertainty in that additional motor
23 vehicle and gasoline controls were providing a
24 significant part of the reduction New Jersey may
25 need to meet the one-hour standard.

00135

1 Robert Shinn - NJ DEP

2 Clearly the timely implementation of
3 this program will go a long way towards ensuring
4 to get the clean air results we need particularly
5 in light of the uncertainty in the attainment
6 demonstration in the somewhat rocky course of the
7 NOx SIP call.

8 New Jersey has the highest density of
9 motor vehicles in the country. Each day in New
10 Jersey motorists travel over 170 million miles.
11 Those numbers, vehicle miles traveled, grows as
12 our suburbs expand.

13 Governor Whitman and the New Jersey
14 Legislature are attempting to stem the tide of
15 suburban sprawl by pledging \$100 million each
16 year for the next ten years to purchase and
17 redevelop open space with the goal of a million
18 acres.

19 This has the parallel effect of
20 supporting transportation coordination and public
21 transportation utilization.

22 In addition, New Jersey is witnessing
23 an explosive increase in the number of SUVs on
24 the road. All of this makes motor vehicle
25 emission controls critical to the success of New

00136

1 Robert Shinn - NJ DEP

2 Jersey's clean air goals. The Tier 2 gasoline
3 sulfur control program cannot come a minute too
4 soon with the health of our residents.

5 In New Jersey we recognize the need
6 to move ahead with additional state-specific air
7 measures. As such, we proposed a low-emissions
8 fuel gasoline program, and this program would
9 lower the volatility of gasoline and speed up the
10 timetable for the removal of sulfur from
11 gasoline. Ultimately New Jersey withdrew its
12 rule and deferred to the federal program.

13 However, should this national
14 initiative not be adopted as proposed or not be
15 adopted in a timely fashion, New Jersey and the
16 OTC states will need to reexamine the
17 appropriateness of acting to ensure that cars
18 fueled and driven within their waters have the
19 emissions reduction benefits such fuel would
20 provide.

21 Therefore, as much as we would like
22 to commend EPA for its efforts here today. We
23 must urge you to ensure timely promulgation of
24 the proposed measures definitely by the end of
25 this calendar year.

00137

1 Robert Shinn - NJ DEP

2 As a member of the OTC, I will be
3 voting next week on a resolution concerning this
4 proposal. The resolution, while it supports the
5 proposal, urges EPA to finalize the proposal with
6 no loss of emission reductions in its final
7 regulatory form no later than December 31st of
8 this year.

9 In addition the resolution would
10 provide that the rules -- that after the rules
11 become final, the individual OTC states will
12 consider their options for utilizing the new
13 federal program for the ozone state
14 implementation plan or in the alternative for
15 implementing state-specific vehicle fuel programs
16 based on their individual needs.

17 We have long recognized the
18 importance of developing and implementing not
19 just state but regional and national mobile
20 source ozone reduction strategies.

21 New Jersey has worked actively with
22 other members of the OTC and the 37 states
23 represented by the Ozone Transport Assessment
24 Group to come up with regional solutions to what
25 is clearly a national problem. Ozone and NOx

00138

1 Robert Shinn - NJ DEP
2 transports and motor vehicles and fuels that
3 power them also cross state lines to an extent
4 which makes localized control emissions of
5 limited effectiveness.

6 Therefore, I support this proposal
7 because it provides a national fuel standard to a
8 national problem.

9 The OTC has urged you to continue to
10 review research on even cleaner fuels and
11 vehicles anticipating that the additional
12 advances in vehicle fuel and fuel design will
13 drive even more stringent fuel standards.

14 However, I believe it is important to
15 go further. Ultimately the transportation sector
16 must focus on the technology, innovation and
17 energy efficiency. We must be working toward the
18 societal goal of energy sustainability.

19 To achieve this goal, we will need a
20 lower sulfur fuel that is less than 30 parts per
21 million and near zero sulfur fuel that is less
22 than 5 parts per million. Further advanced
23 technology in order of direct injection engines
24 and fuel cells are likely to be used in meeting
25 future emission and fuel efficiency rules.

00139

1 Robert Shinn - NJ DEP

2 Direct injection engines can provide
3 significant improvement in fuel efficiencies, and
4 fuel cells can provide even greater gains of very
5 low-emission levels. However, for a fuel cell,
6 both the reformer is used to convert fuel into
7 hydrogen and fuel cell membranes are permanently
8 poisoned by sulfur.

9 Taking the next step to make near
10 zero sulfur fuels would approximately double the
11 benefits for the new emission standard as well as
12 enable the introduction of hardware to meet the
13 standard.

14 Near zero sulfur fuels will help
15 states meet future requirements for ozone and in
16 particulate pattern and regional haze. This more
17 aggressive fuel made available earlier will bode
18 well for the next generation of vehicles and
19 certainly give cleaner gasoline a much more
20 predictable market future and market share.

21 I thank you for this opportunity to
22 comment, and we look forward to a continued
23 cooperative effort to meet the clean air goals of
24 the nation.

25 MS. OGE: Thank you. I would like to

00140

1

2 thank all of the panel members for your comments
3 this morning and your willingness for some of you
4 to come a little bit earlier. I know you were
5 scheduled later on.

6

I don't have any questions.

7

Barry?

8

9 MR. McNUTT: I have just one
10 question. I wanted to ask Mr. Leonard and Mr.
11 Frank, you both talked about technology and
12 technology forcing uncertainties on both the
13 vehicle and refinery side.

13

14 I want to understand whether you
15 would be interested in supporting the extension
16 of technology review to the refinery technology
17 question in the same time frame or earlier and
18 whether Mr. Frank thought such a technology would
19 be important or useful given your concerns about
20 the unproven nature of the desulfurization
21 technology?

21

22 MR. FRANK: As I understand the
23 nature of the question, the technology we are
24 talking about in the refinery is for the removal
25 of sulfur, of which there is a conventional
process that is being used in sulfur removal and

00141

1

2 the refinery processes today, as we call
3 hydrotreating. And that technology term is old
4 technology; it has been around for 40 years.
5 There are emerging technologies on a couple of
6 fronts, a couple --

7 MR. McNUTT: Yeah, my question is, do
8 you think -- I am aware of the emerging
9 technology. My question is, given the nature of
10 that technology, do you think that technology
11 review or whatever the term that Sam Leonard used
12 on the vehicle side, such a technology review as
13 a procedural element of moving a program forward
14 would be useful on the refinery side?

15 MS. OGE: What Barry is saying, API
16 did recommend to eventually go down to 30 ppm
17 assuming that there was going to be some sort of
18 a review. And I think that is what Barry is
19 asking your views, the importance of that review.

20 MR. FRANK: I think that --

21 MS. OGE: And then I would follow up,
22 if that would be explained, would you take back
23 your comments about we don't need the standard?

24 (Laughter.)

25 MS. OGE: It's a fair question.

00142

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MR. FRANK: What the industry needs to see is the commercial application of this technology in use before we go and convert 90 refineries, you know, and spend a lot of money. And it's something that possibly would not be known.

8

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MR. LEONARD: I think I was also asked a question. And part of the review that we had proposed is with respect to the potential availability of the 5 ppms sulfur fuels for the second phase of the standards. And I would assume that the technical review of the feasibility of 5 ppm fuels in order -- would have to be done in order to figure out if it is going to be available or not.

MR. McNUTT: Thank you.

MR. FRANK: 5 ppm fuels, if I might just add to that, is not achievable under today's technology of any kind of quantity. And conversion of the refineries to be able to cope with manufacturing 5 ppm fuels is -- was just -- would be catastrophic to the rest of the refining business.

MS. OGE: Thank you. Thank you very

00143

1 Drew Kodjak - NESCAUM

2 much. We will convene back at 1:45.

3 (Luncheon recess taken from 12:45
4 p.m. to 1:45 p.m.)

5 MS. OGE: We would like to welcome
6 the next panel. I hope you had a good lunch. We
7 are ready to go, and we will start with Drew.

8 MR. KODJAK: Good afternoon. My name
9 is Drew Kodjak. I am the attorney policy analyst
10 for the Northeast States for Coordinated Air Use
11 Management. I would like to thank EPA and DUE
12 for the opportunity to testify before you today.

13 NESCAUM is very pleased to offer
14 these comments on the Tier 2 and low sulfur
15 gasoline proposal. NESCAUM strongly supports the
16 Tier 2 and the low sulfur rule as a critical
17 component of the Northeast states' strategy to
18 achieve and maintain national ambient air quality
19 standards for ground-level ozone and fine
20 particulates.

21 Moreover, the Northeast states are
22 pleased at their advocacy for the adoption of
23 legislature which has come from California and
24 has helped enable EPA to propose this impressive
25 Tier 2 program. We look forward to benefiting

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1 Drew Kodjak - NESCAUM
2 from the significant benefits of Tier 2 while
3 maintaining some of the useful dynamic that
4 fosters its development.

5 I've got a couple of slides just to
6 show some of the benefits that the Northeast can
7 expect to achieve if the rule proposal is
8 finalized as proposed.

9 And what you see here are some very
10 significant benefits comparing what is a non-Tier
11 2 case for the Northeast states to a Tier 2 and
12 low sulfur case starting from -- going out to the
13 year 2020.

14 We can expect to receive a 68 percent
15 reduction in NOx emissions totaling just over
16 300,000 tons per year; an 18 percent reduction of
17 VOC emissions, that's tailpipe and evaporative
18 emissions totaling 46,000 tons per year; a 90
19 percent reduction in the sulfur emissions
20 totaling 38,000 tons per year; and a 41 percent
21 reduction in PM 2.5 emissions totaling 4,000 tons
22 per year. Those reductions are also similar for
23 PM.

24 These reductions are critical for the
25 Northeast to achieve and maintain the one-hour

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2 ozone national ambient air quality standard, the
3 necessary steps for affecting and improving the
4 health millions of Americans residing in the
5 Northeast.

6 In addition, removing the NOx
7 hydrocarbons, sulfur and air toxic emissions from
8 motor vehicles will protect more bodies from
9 acidification, help clear our skies of regional
10 haze and improve public health by reducing air
11 toxins.

12 And on that note, I am going to Doug
13 Shaukalls (ph.) to give a couple of slides on air
14 toxins. This is an area which is of great
15 importance to the Northeast and, I think, across
16 the country. It is an area which, unlike some of
17 the other things, haven't been hit on all that
18 much today.

19 What you see in front of you is a
20 slide based on EPA's cumulative exposure project
21 for the Northeast. It shows what sources are
22 risk drivers for various toxic pollutants.

23 At the bottom you can see there is
24 benzene, formaldehyde and 1,2 butadiene. And you
25 can see from the large lighter, or actually

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2 yellow bars at the top, that mobile sources are
3 by far the dominant contributor to those air
4 toxic emissions which certainly encourages the
5 process and development of VOC reductions and
6 other toxic control strategies such as sulfur
7 productions as well.

8 Next slide, please.

9 Now, this is based on CEP data. It
10 is a combination of toxic inventory that has then
11 modeled on the Northeast states. Then we tried
12 to determine how closely the estimates in the CEP
13 report are to our actual ambient air monitoring
14 data that we have collected on mobile source
15 toxics and toxics in general.

16 And what you see here is for New York
17 with rising different air monitoring sources,
18 this is for benzene emissions. And the bar on
19 the right-hand side is the CEP projections. And
20 the bar that is moving from left to right, going
21 from red and green and blue are actual New York
22 State monitored data for '90, '91, '92, '93, '94,
23 and '95.

24 As you can see -- and I should
25 mention just one more thing. This very low line,

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2 very, very close to the X axis, just above the X
3 axis, is the health standard. As you can see all
4 of those bars are significantly higher than the
5 public health standard for benzene. You can see
6 that there is a relatively close correlation
7 between CEP data and New York ambient monitoring
8 data. There is some declines that is healthful
9 to see from '91 to '95. But all of these bars
10 are significantly above the health standard. And
11 that is for New York.

12 Next slide, please.

13 This is data from a study that was
14 done from the state of Vermont. And I am showing
15 it here to show that it's not just urban areas in
16 New York State that are exposed to the higher
17 levels of toxic emissions. This is Burlington,
18 Vermont.

19 Again, the same type of comparison:
20 trying to determine how closely the human
21 exposure project data compares with ambient data
22 found from, at this time, the state of Vermont.

23 And you can see for benzene and
24 formaldehyde emissions, there was correlation in
25 the formaldehyde from ambient data and CEP. For

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2 benzene, the good news is that that CEP data that
3 was collected in 1990 is significantly higher
4 than the ambient data collected in 1994. That is
5 probably a combination of some inaccuracy on CEP
6 as well as potentially some reductions that were
7 experienced in the state of Vermont.

8 Next.

9 So overall what these slides show is
10 that mobile source toxics are a very significant
11 contributor to overall toxic emissions and
12 something that we are certainly concerned about
13 in the Northeast. And finally that the Tier 2
14 rule will help not only for the Northeast but
15 throughout the nation.

16 And it really does bolster the case
17 that we need it across the nation both for new
18 car standards and tighter sulfur standards.

19 Thank you.

20 There has been a lot of talk about
21 the need to ratchet it down on SUVs. I am going
22 to run through the points of my testimony that
23 have already been mentioned a great deal today
24 and focus on those that haven't been.

25 NESCAUM -- it is hard to see that

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1 Drew Kodjak - NESCAUM

2 many of its clients on the Tier 2 rule proposal
3 study have been incorporated into the rule
4 proposals. The following is a brief list of
5 particular provisions that NESCAUM strongly
6 supports:

7 A NOx fleet average exhaust emission
8 standard that grows more stringent over time in
9 order to continue to encourage car-makers to
10 improve upon motor vehicle emissions control
11 technology. Given the dramatic improvements of
12 clean car technology since 1990, this is a well-
13 considered and essential part of the Tier 2 rule
14 proposal.

15 The new standards themselves
16 demonstrate that even after achieving reductions
17 of about 80 to 90 percent, a technologically
18 assisted industry like the automobile
19 manufacturers are capable of reducing emissions
20 by another 80 percent in a cost-effective
21 manner.

22 The incorporation of heavy light-duty
23 trucks from 6,000 to 8500 pounds, as has been
24 mentioned, many times today, is an important part
25 of the Tier 2 rule proposal.

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1 Drew Kodjak - NESCAUM

2 The highest selling passenger vehicle
3 in America is no longer the car; it is the truck;
4 that is, pick-ups, sport-utility vehicles and
5 minivans. NOx emissions from trucks are expected
6 to grow from about 52 percent of passenger
7 vehicle emissions to more than 70 percent of
8 passenger vehicle emissions in 2030 without
9 additional controls.

10 These vehicles are a growing
11 percentage of the motor vehicle industry. And
12 the Tier 2 rule proposal reflects this change in
13 consumer preference and car manufactured
14 production.

15 One point that hadn't been mentioned
16 today is that NESCAUM applauds EPA for putting in
17 the rule, is the incorporation of the full use of
18 life standards or the Supplemental Federal Test
19 Procedure. The SFTP is critical for ensuring
20 that emissions during aggressive driving and
21 air-conditioner use are controlled. These
22 formerly off-cycle emissions are a large source
23 of NOx.

24 Lengthening use of life makes a
25 tremendous amount of sense given the cars are

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1 Drew Kodjak - NESCAUM

2 being driven longer and being kept around longer
3 than they used to be.

4 The use of the same standards for all
5 vehicles independent of fuel upon which the
6 vehicles are operated is an important part of the
7 Tier 2 rule. More stringent evaporative emission
8 standards found in the Tier 2 rule proposal will
9 address the growing fact that evaporative
10 emissions will contribute to half of the
11 hydrocarbon emissions from motor vehicles in
12 2010.

13 And, again, motor vehicle toxins are
14 part of those graphic emissions.

15 NESCAUM certainly supports the low-
16 sulfur gasoline standards of 30 parts per million
17 with an 80 part per million cap within the time
18 frame of 2004, 2006 in terms of the phase-in.

19 NESCAUM supports a nationwide low-
20 sulfur fuel program in order to prevent damage to
21 vehicle catalyst. If vehicles travel in the
22 United States from high-sulfur to low sulfur
23 regions, the rule would take place if we did have
24 a national standard.

25 The national standard will also

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1 Drew Kodjak - NESCAUM

2 enable the EPA to establish one sulfur level for
3 fuels for motor vehicles.

4 And finally, the Northeast is plagued
5 by transport of both ozone and NOx emissions from
6 states west of us and a nationwide low sulfur
7 fuel program would ensure that the air from those
8 states is also as clean as it might be.

9 NESCAUM has a couple of suggestions
10 for the Tier 2 rule proposal. The first is that
11 the rule proposal allows trucks to meet lower
12 standards than passenger cars for evaporative
13 emissions. And during the Supplemental Federal
14 Test Procedures, NESCAUM urges EPA to continue
15 its one standard for all passenger vehicles to
16 evaporative emissions and the SFTP.

17 And with that, I will close my
18 testimony, and thank you for the opportunity to
19 be here today.

20 MS. OGE: How much more do you have?

21 MR. KODJAK: Too much.

22 The only last two points are the
23 particulate emission standard, we would suggest
24 that you add a particulate emission standard to
25 the supplemental test procedure for both spark

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1 Jed Mandel, Engine Manufacturers Assn.
2 ignition and compression ignition engines.

3 And, finally, in terms of the credits
4 for the gasoline sulfur, NESCAUM would suggest
5 that the credits are designed to track the
6 emission benefits from moving from a base line to
7 a lower standard.

8 And we will flesh that out more
9 fully. But the point is that when you move from
10 a base line of 600 to 300, the emission benefits
11 are not nearly as substantial as you move from
12 150 to 200. And we feel that the EPA's Tier 2
13 proposal should reflect that difference in
14 benefit.

15 Thank you.

16 MS. OGE: Thank you.

17 Jed?

18 MR. MANDEL: Good afternoon. My name
19 is Jed Mandel, and I am here today on behalf of
20 the Engine Manufacturers Association.

21 Among EMA's members are manufacturers
22 of pick-up trucks, sport-utility vehicles, other
23 light-duty trucks, and passenger cars and the
24 diesel engines that are being designed to power
25 them.

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1 Jed Mandel, Engine Manufacturers Assn.

2 EPA has proposed a sweeping revision
3 to its light-duty vehicle regulatory program.
4 EPA's proposal would give large vehicles designed
5 for hauling, towing and other work capacity the
6 same as small vehicles.

7 And EPA's proposal will have the net
8 effect of:

9 One, foreclosing the most
10 cost-effective and the most realistically
11 available opportunity to meaningfully reduce
12 carbon dioxide emission and fuel economy;

13 Two, eliminating fuel efficiency
14 technologies;

15 Three, narrowing consumer choice in
16 vehicle size, type, power and performance;

17 And, four, preventing the use of
18 clean diesel fuel engine technologies.

19 Moderate changes in the proposed
20 vehicle requirements and an increased focus on,
21 and more aggressive approach to, reducing the
22 sulfur content of both gasoline and diesel fuel
23 would make the EPA's proposal realistic for
24 larger work-capable vehicles and for diesel
25 engine technology without any adverse emission

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1 Jed Mandel, Engine Manufacturers Assn.
2 impacts.

3 The EPA should adopt rules but not
4 preclude diesel engine technology as a means to
5 address fuel economy needs, growing concerns
6 about CO2 emissions and, yes, even air quality
7 needs.

8 The single most promising
9 cost-effective and available technology to reduce
10 CO2 and improve fuel economy is the diesel
11 engine. This has been confirmed by work coming
12 out of the Partnership for a New Generation
13 Vehicle Program; it has been recognized by the
14 Department of Energy and the Administration.

15 According to EPA data, diesel engines
16 exhibit a 60 percent improvement in fuel economy
17 while achieving a 30 percent reduction in CO2
18 emissions.

19 Diesel engines also are apparently
20 low emitters of HC and CO, and they are extremely
21 durable, which means savings to consumers and
22 little or no degradation from emission air
23 quality which enhances performance levels.
24 Diesel engines also can perform more work more
25 efficiently than other types of engines.

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1 Jed Mandel, Engine Manufacturers Assn.

2 Despite the widespread use of SUVs
3 and pick-up trucks to carry passengers, engine
4 manufacturers must design diesel engines for
5 those vehicles with the capacity to haul a boat
6 or a fully loaded trailer when such work is
7 required.

8 By way of illustration, prior to
9 Rudolph Diesel, Henry Ford and the proliferation
10 of the automobile, the typical early homeowner
11 would hitch a full team of horses to his wagon
12 when he needed to haul goods or perform other
13 work. However, if he only needed to ride into
14 town, he would only hitch up one horse.

15 Today, vehicle manufacturers and
16 consumers do not have the ability to remove the
17 full team of horses, with their pulling capacity,
18 collective stamina and other attributes, and
19 hitch up only one horse when the full team is not
20 required.

21 The work capacity of diesel engines
22 and other work vehicles cannot be removed or
23 added at will in order to provide more or less
24 power than an individual customer may seek.

25 And just by way of comment, I don't

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1 Jed Mandel, Engine Manufacturers Assn.
2 know if you all saw downstairs the inflatable SUV
3 that was on display. Over lunch it was folded
4 up, deflated and hauled away in an SUV, which I
5 think just goes to show that there are times --

6 (Laughter.)

7 (Unintelligible.)

8 Diesel engine manufacturers already
9 made dramatic improvements in the performance of
10 diesel engines. Diesel engines that are being
11 tested today and that are on the cusp of
12 commercialization will be quiet, free from
13 excessive vibration and free from visible exhaust
14 emissions. And they will do so while retaining
15 their fuel economy and durability advantages.

16 Two of our members have prototypes of
17 such engines downstairs. NAVISTAR has a school
18 bus parked in front of the building and Detroit
19 Diesel has a Durango parked in front of the Four
20 Seasons Hotel. We encourage people to go and see
21 what is going to be available in the very near
22 future.

23 With regards to the Tier 2 standard,
24 the model role for vehicles with diesel-fueled
25 engines in the light-duty market has significant

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1 Jed Mandel, Engine Manufacturers Assn.
2 potential to stimulate, support, and speed major
3 research and development in clean diesel engine
4 technology. And such new technology can be
5 transferred to other applications to provide even
6 more extensive benefits.

7 Without a Tier 2 program, which is
8 realistic for diesel-fueled engines, those
9 potential future technologies and benefits may be
10 lost or substantially delayed, all to the
11 detriment of the environment and air quality.

12 EMA recognizes that with the many
13 benefits of diesel-fueled engine technology comes
14 concerns about the health effects of emissions
15 from diesel-fueled engines.

16 Engine manufacturers have taken great
17 strides in reducing emission from diesel-fueled
18 engines. Engine manufacturers have reduced
19 hydrocarbon and particulate emissions from
20 on-highway trucks by 90 percent, for buses by 95
21 percent.

22 In the very near term, they will have
23 reduced NOx emissions by approximately 85
24 percent. And both supports a state's use of
25 inspection and maintenance programs aimed at

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1 Jed Mandel, Engine Manufacturers Assn.
2 assuring the benefits of emission control
3 technologies designed into the engine are not
4 lost as a result of poor maintenance or illegal
5 tampering.

6 We've also been in the forefront of
7 efforts to improve the quality of diesel fuel.
8 We actively work to achieve emission
9 desulfurization with diesel fuel, and we are
10 strong components of the further desulfurization
11 of both on-highway and non-road diesel fuels.

12 The frequently cited studies on
13 diesel health affects concerns are not based on
14 data representative of today's diesel engine
15 fuel; although, obviously they are based on the
16 capabilities and the performance of future diesel
17 engines and fuels, both of which can and must
18 continue to be improved.

19 EMA along with others has contributed
20 to epidemiology feasibility studies of diesel
21 exposure conducted by the Health Effects
22 Institute and just published on June the 4th.

23 HEI has concluded that the leading
24 studies of railroad workers are simply not
25 adequate to support any quantitative exposure-

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1 Jed Mandel, Engine Manufacturers Assn.
2 response measure. EMA continues to support
3 further research to evaluate the potential health
4 impact of diesel fuel exhaust.

5 The quality of diesel fuel is
6 critical to the manufacturers' ability to comply
7 stringent with NOx and PM standards such as the
8 ones proposed.

9 EPA must require the diesel fuel with
10 a sulfur content less than 5 ppm and with
11 improvements to other key constituents to be
12 available for other light-duty vehicles in order
13 to support the critical linkage among engine
14 technology, diesel standards and fuel.

15 Improving diesel fuel quality is
16 intricately linked with the ability to meet very
17 stringent standards such as the one proposed.

18 Ultra-low sulfur fuel is a technology
19 enabler. It is necessary to allow for the
20 development and use for the advanced NOx
21 after-treatment devices. Ultra-low diesel fuel --
22 ultra-low sulfur diesel fuel also is required to
23 maintain engine durability. Without it, severe
24 engine wear and poison of the entire engine
25 system can occur.

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1 Jed Mandel, Engine Manufacturers Assn.

2 For light-duty vehicles, diesel fuel
3 that has ultra-low sulfur levels at 5 ppm or less
4 is essential. It would provide direct PM
5 emission reductions and enable substantial NOx
6 emission reductions, and it would provide
7 fleet-wide benefits for both new and existing
8 vehicles.

9 Improving diesel fuel also has a role
10 in responding to potential health effect
11 concerns. Ultra-low sulfur fuel lowers the total
12 mass of particulate in the entire fleet and
13 enables the use of known active treatment
14 technologies, such as oxidation catalysts, which
15 can reduce the organic fraction of PM emissions
16 and enable technology to reduce NOx, which, in
17 turn, will reduce secondary PM.

18 The proposed Tier 2 rule puts the
19 commercial liability of diesel fuel engine
20 technology at risk resulting in the potential
21 loss of the many benefits that diesel fuel engine
22 technology can provide. With moderate and
23 appropriate modifications to EPA's proposal,
24 however, EPA can assure that it does not miss the
25 opportunity to have low-NOx emitting, high

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1 Kevin Stewart, ALAP
2 performing, low CO2-producing diesel fuel engines
3 available in the marketplace.

4 To that end, we urge EPA to
5 incorporate an independent midterm review to
6 propose standards in the final rule.

7 Diesel fuel engine technology can
8 remain a viable option without adverse emission
9 impacts. And with ultra-low sulfur fuel,
10 widespread NOx and PM reductions can be
11 achieved.

12 Thank you for the opportunity to
13 testify. And if there are questions, I would be
14 pleased to answer them.

15 MS. OGE: Thank you.

16 Kevin Stewart.

17 MR. STEWART: Good afternoon.
18 American Lung Association of Pennsylvania, ALAP,
19 appreciates the opportunity to present comments
20 to the EPA today.

21 My name is Kevin Stewart. I hold a
22 Bachelor of Science Degree in Chemical
23 Engineering from Princeton University. And as
24 part of my duties, I serve ALAP as an
25 environmental specialist.

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1 Kevin Stewart, ALAP

2 I am here today not only to represent
3 the state Lung Association but the interest of
4 everyone who breaths outdoor air. In fact, I am
5 here primarily to help represent the interest of
6 the more than 30 million Americans who struggle
7 with chronic lung disease and the one-in- a-third
8 million or so Pennsylvanians.

9 These are people most at risk for
10 health problems precipitated by air pollution.
11 Indeed, many of them are people who simply cannot
12 be here today without risking an unplanned trip
13 to the hospital because of the effects of air
14 pollution.

15 ALAP was founded 107 years ago in
16 this very city to combat tuberculosis. And we
17 are now dedicated to the prevention of lung
18 disease and the promotion of lung health.

19 ALAP would like to begin by
20 applauding EPA for issuing a strong proposal. We
21 fully concur with EPA's assessment that ozone
22 smog is frequently recorded at levels that are
23 hazardous to health, by our count affecting 117
24 million Americans in 41 states; that more
25 stringent vehicle and fuel standards are a

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1 Kevin Stewart, ALAP
2 necessary part of the solution of preventing
3 thousands of cases of death and disease; and that
4 cost-effective technology soon will be available,
5 and in some cases already is available, to meet
6 such standards.

7 Furthermore, the Lung Association
8 would stress that surveys clearly show the
9 willingness on the part of the consumer public to
10 accept implementation of such standards is also
11 already in place.

12 It is on this basis that the ALAP
13 calls for the adoption and expeditious
14 implementation of strong national standards for
15 emissions of new motor vehicles and for the fuel
16 that is used to operate our vehicles.

17 While I will defer today to other
18 representatives of the American Lung Association
19 who will submit more detailed technical comments
20 on the proposed rule for the docket, I will make
21 several brief comments on the proposed rule
22 itself. But before that, I would like to show
23 you what the presence of these pollutants in the
24 air we breathe means to the people of
25 Pennsylvania.

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1 Kevin Stewart, ALAP

2 Despite what progress we've made over
3 the last 30 years, air pollution continues to be
4 a very real and very serious problem.
5 Pennsylvania experienced 47 days last year during
6 which unhealthful ozone levels were recorded. My
7 hometown of Lancaster has already experienced
8 seven days, maybe eight by today, of unhealthful
9 ozone so far this year, and summer hasn't even
10 begun.

11 Motor vehicles along with the entire
12 network that supports their use are significant
13 sources of air pollution ranging from ozone
14 precursors to particulate matter to air toxics.
15 And lest we lose sight of the fact, air pollution
16 constitutes a problem that causes real suffering
17 and even death to real people.

18 Four groups are at special risk:
19 infants and preadolescent children, the elderly,
20 persons with asthma, and those with COPD, chronic
21 obstructive pulmonary disease, including
22 emphysema and chronic bronchitis.

23 In Pennsylvania alone, the population
24 of those at risk of ozone and particulate air
25 pollution include 2 million children at or below

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1 Kevin Stewart, ALAP
2 the age of 13, and 1.7 million people aged 65 or
3 above.

4 And furthermore, ALAP is stating
5 today that about 11 percent, one in nine, of the
6 Commonwealth's citizens suffer from one or more
7 major chronic lung disease and are particularly
8 at risk from air pollution. Among them are the
9 more than the 700,000 individuals that suffer
10 from COPD.

11 In addition, recent estimates show
12 that some 800,000 citizens of this state have
13 asthma, and about 30 percent of these people are
14 under 18, for whom asthma is the number one
15 reason for hospitalization due to chronic
16 disease.

17 It is also the number one cause of
18 school absences attributed to chronic conditions,
19 leading to an average of a week and a half of
20 school missed annually by each student who has
21 asthma.

22 Even more alarming, deaths from
23 asthma have been climbing steeply, increasing by
24 117 percent nationwide from 2,598 in 1979 to
25 5,637 in 1995, with the increase focusing among

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1 Kevin Stewart, ALAP
2 children and the elderly.

3 In Pennsylvania alone, studies show
4 ambient air pollution is responsible for hundreds
5 of thousands of days with acute respiratory
6 symptoms and/or restricted activity, for tens of
7 thousands of asthma-symptom days, for thousands
8 of emergency room visits for respiratory
9 problems, and thousands of excess hospital
10 admissions for respiratory diagnoses such as
11 asthma, pneumonia and COPD.

12 And finally, air pollution from
13 vehicles alone is also responsible for hundreds
14 of premature deaths in the Commonwealth every
15 year.

16 As for my comments on the proposed
17 rule itself, ALAP would like to recognize the
18 positive steps EPA appears willing to take:

19 The integration of vehicular
20 standards and fuel standards into a single
21 approach is common sense. It is sorely needed as
22 the United States lags behind most of the
23 industrialized world in clean fuels.

24 A move toward low sulfur fuel has the
25 triple advantage of making the new motor vehicle

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1 Kevin Stewart, ALAP
2 standards practical by avoiding catalyst poison,
3 encouraging the development of cleaner-burning
4 technology and taking advantage of the low sulfur
5 content of the fuel and having an immediate
6 positive effect on emissions from existing
7 vehicles on the road achieving clean air
8 improvements right away.

9 Three, the recognition that
10 sport-utility vehicles, minivans and light trucks
11 make up about half of the new car market while
12 emissions exemptions adopted in the past that may
13 have once made sense, they don't know.

14 Moreover, a poll, recent poll, by the
15 American Lung Association found that 91 percent
16 of registered voters and 84 percent of SUV
17 minivan owners registered to vote agreed that SUV
18 and minivans should meet the same strict
19 pollution standards as passenger cars.

20 Four, the establishment of fuel-
21 neutral standards not only show the needless
22 disparities of the past but encourages
23 development of hybrid and cleaner-fueled
24 vehicles.

25 And, again, 88 percent of the public

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1 Kevin Stewart, ALAP
2 agrees, 73 percent strongly so, that diesel
3 vehicles and gasoline vehicles should be held to
4 the same strict emission standards.

5 Five, standards when fully
6 implemented, preferably by 2007, would have the
7 effect of removing 80 percent of the country's
8 more than 200 million cars off the road but doing
9 so at a very reasonable cost and with consequent
10 benefits that far outweigh the cost.

11 At this point, I must cry out that it
12 is irresponsible to suggest, as it has been done
13 today, that EPA should withdraw the proposed Tier
14 2 standard until the NAAQS-truck demand is
15 resolved by the courts and must stress that the
16 health community finds, the evidence is and has
17 been overwhelming that the one-hour ozone
18 standard is grossly inadequate to protect public
19 health.

20 You will recall that EPA's
21 Independent Clean Air Science Advisory Committee
22 unanimously supported the establishment of a more
23 protective eight-hour standard.

24 Independent of legal shilly-
25 shallying, let us not forget why we have a Clean

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1 Kevin Stewart, ALAP

2 Air Act: It's to protect public health. If we
3 forget that, we might as well all go home.

4 In addition, we at ALAP have concerns
5 and think that the proposal can be strengthened
6 in several ways:

7 Given the fact that the manufacturers
8 of the Emissions Control Association have already
9 overseen the refitting of existing light-duty
10 trucks to meet proposed standards within EPA's
11 estimated cost range and with the added benefit
12 of significant reductions in emissions of air
13 toxics, it is ALAP's opinion that there are no
14 reasons to delay implementation of the standards
15 for the heavy, light-duty truck category.

16 Ten years is far too long. By that
17 time, substantial numbers of such vehicles will
18 be sold. Eight years is more than enough time to
19 implement the new standards.

20 Two, as vehicles greater than 8500
21 pounds are also expected to enter the passenger
22 market, ALAP believes there is no good reason to
23 reject such vehicles from some kind of more
24 stringent pollution control rather than excluding
25 them from consideration merely because of their

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1 Kevin Stewart, ALAP

2 size.

3 Three, ALAP disapproves of deficit
4 banking being allowed in fleet averaging.
5 Missing generous deadlines should not be
6 permitted.

7 We believe that there is adequate
8 flexibility in the fleet averaging bins for
9 vehicle-makers to meet their targets on time.

10 Four, there is no sense to allow
11 sulfur levels in fuels to be as high as 300 parts
12 per million in the early years of Tier 2
13 implementation when we know that such fuel wastes
14 much of the investments, spent on cleaner-burning
15 technology. We must work harder to get the
16 highest sulfur fuels out of the market sooner.

17 ALAP believes the top bin proposed by
18 the EPA is too lax, allowing completely
19 unnecessary high levels of air pollution from
20 certain diesel vehicles in the hugest SUVs and
21 trucks.

22 While a 2004 technology review of
23 Tier 2 standards could be used to refine the
24 program, it must not be allowed to become a means
25 by which industry could stall or back-pedal,

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1 Kevin Stewart, ALAP
2 otherwise it should be eliminated.

3 And EPA must endeavor to make the
4 rules final by the end of this year so that
5 manufacturers not miss a full model year and we
6 all suffer the consequences of further delay.

7 In conclusion, we know that ozone and
8 particulate air pollution in Pennsylvania, much
9 of it from vehicle emissions, adversely affects
10 the health in substantial numbers, indeed
11 millions of our citizens.

12 And we know that those adverse health
13 effects are substantial, resulting in thousands
14 of hospital admissions, ER visits and even deaths
15 with further costs of hundreds of thousands of
16 disrupted lives and hundreds of millions, perhaps
17 billions of dollars in the Commonwealth alone.

18 It is now clearly our national task
19 to attain and maintain healthful air quality.
20 And the only way we can begin to do that is to
21 recognize the full reality of our air pollution
22 problems and to face them unflinchingly.

23 If there is one thought I would like
24 to leave you with, it is that air pollution is
25 not simply an inconvenience. Being unable to

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1 Urvan R. Sternfels, NPRA
2 catch your breath is not an inconvenience. Trips
3 to the emergency room, hospitalizations, and
4 deaths, are not inconveniences.

5 Remember, it's a health issue.

6 MS. OGE: Thank you, Mr. Stewart.

7 Mr. Urvan Sternfels.

8 MR. STERNFELS: Thank you, Margo.

9 My name is Urvan Sternfels, president
10 of the National Petrochemical & Refiners
11 Association. The NPRA virtually represents all
12 of the United States refineries and petrochemical
13 manufacturers. Our members include refiners of
14 all sizes, both integrated and non-integrated,
15 who own and/or operate about 98 percent of U.S.
16 refining capacity.

17 My message today is a very simple
18 one: We must have changes in the gasoline sulfur
19 proposal. That proposal, as published, is a
20 recipe for risk. It goes too far too fast.

21 Some refineries may close if faced
22 with relatively inflexible deadlines. The
23 proposed banking and trading system will not be
24 effective in mitigating the harsh impacts of
25 those deadlines.

00174

1 Urvan R. Sternfels, NPRA

2 If you do not amend the proposal from
3 its current form, we fear that adverse
4 consequences will result: refinery closures,
5 less certainty of supply, unpredictable market
6 movements and higher costs to consumers.

7 NPRA urges you to develop a more
8 workable and flexible plan which achieves
9 necessary sulfur reductions in a more reasonable
10 manner and time frame while assuring an adequate
11 supply of gasoline for the consuming public.

12 NPRA believes a phased, regional
13 approach such as that recommended to the EPA by
14 both NPRA and API would be more balanced and
15 cost-effective. Phasing and recognition of
16 differing air quality needs in certain parts of
17 the country would go a long way towards easing
18 our concerns about the severe impact of this
19 rulemaking.

20 We know that there are many who
21 disagree with our approach. While remaining open
22 to other reasonable alternatives, we still
23 believe it is the wisest policy option for
24 cleaner air and economic health of our nation.

25 A short time frame that is available

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1 Urvan R. Sternfels, NPRA

2 to refiners before the fall 2003 effective date
3 is unrealistic at best. The industry asked for
4 at least four years to phase in reasonable new
5 standards with subsequent consideration of an
6 additional reduction in the sulfur level, if
7 needed. The entire industry cannot meet the
8 strict 30 parts per million average sulfur
9 requirement in the EPA's time frame.

10 While the Agency has offered a
11 banking and trading program as a way to mitigate
12 some of the harsh impacts of its proposal, our
13 members tell us that EPA's complex program will
14 provide them with little or no flexibility.

15 The combined interim caps and
16 averages and the short period to generate early
17 credits are so restrictive to our members that
18 they will not receive any meaningful relief.

19 A banking and trading program must
20 provide real flexibility to refiners. NPRA hopes
21 to work together with EPA to achieve a simple and
22 useful banking and trading plan.

23 The compressed time frame in the
24 proposal will not allow all refiners access to
25 what appear to be promising emerging technologies

00176

1 Urvan R. Sternfels, NPRA
2 for sulfur reduction. Given more time than we
3 have in the EPA proposal, NPRA believes that a
4 number of such new technologies may be
5 developed.

6 Much has already been made of two new
7 sulfur reduction technologies that are still not
8 commercially demonstrated. Refiners hope that
9 these technologies prove to be as efficient and
10 cost-effective as their vendors suggest. But it
11 is as much of a stretch to believe that over 100
12 U.S. refiners will gain access to such technologies
13 in EPA's narrow time window as it is to say that
14 all will go smoothly if they do, yet EPA's
15 proposal assumes both will occur.

16 NPRA and its members believe that
17 some, perhaps many, refiners will be forced to
18 put in older and more costly technology to
19 achieve the mandated sulfur reductions.
20 Competition among U.S., Canadian and European
21 refiners, all trying to reduce sulfur in the same
22 time frame, will be too intense to allow everyone
23 access to the new technology, which probably will
24 result in everyone scrambling for basically
25 within a one-year time frame to achieve the

00177

1 Urvan R. Sternfels, NPRA
2 proper place in the feud to be in compliance with
3 the timetable which you've suggested.

4 Those who do gain such access will
5 experience the same ups and downs that all of us
6 do when trying something new. The upshot is that
7 EPA has underestimated both the costs of sulfur
8 reduction technology and the time needed to
9 implement and optimize it.

10 We are also concerned about the
11 process for obtaining permits for new
12 construction projects needed to comply with the
13 proposal. EPA's comments in the "Federal
14 Register" notwithstanding, our members recognize
15 that the states have considerable authority with
16 the permit approval process.

17 We are unconvinced that states will
18 be able to move expeditiously on the avalanche of
19 permit applications needed to comply with the
20 gasoline sulfur rule. We also fear that third
21 parties will intervene in the proceedings based
22 on other social, community or special interest
23 claims.

24 New -- now, rather, despite EPA's
25 assurances in the proposal that all will go well,

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1 Urvan R. Sternfels, NPRA

2 our experience teaches a different lesson.

3 Our members do not believe that

4 words, however well meant, will do the trick.

5 They would like to help you design a fast-track

6 approval process to give industry a better chance

7 to provide consumers adequate gasoline and

8 gasoline supplies during the period of adjustment

9 to the new sulfur regulations.

10 EPA, the industry and the states must

11 work together to achieve this goal. We are ready

12 to participate. Otherwise, the industry must ask

13 for your assurance that noncompliance due to a

14 lack of permit approval alone will not be grounds

15 for sanctions under the new standards.

16 We are unwilling to trust to chance

17 on this matter and think that consumers should be

18 confident that gasoline suppliers will be able to

19 meet their needs. I know we share that

20 interest.

21 Our members are also very concerned

22 about refinery outages and maintenance

23 turnarounds. This is already a problem in

24 today's environment because of high capacity

25 utilization which characterizes U.S. refining

00179

1 Urvan R. Sternfels, NPRA
2 operations.

3 The EPA's proposal makes the
4 situation worse. We expect capacity to decrease
5 as a result of the proposal while the uniformly
6 low national sulfur standards will further
7 eliminate flexibility for operating refineries.
8 We need to build permanent flexibility into the
9 proposal to allow for refinery outages and
10 standard maintenance. Relief from caps will also
11 be necessary.

12 In short, the proposal must be
13 changed to reflect the fact that equipment cannot
14 be run permanently at full capacity.

15 If the final rule does not recognize
16 this truth, consumers may experience supply
17 shortfalls and price spikes when outages occur,
18 as recently happened in California.

19 NPRA must also mention the recent DC
20 Court of Appeals decision which set aside
21 standards for ozone and particulate matters. We
22 understand that EPA intends to appeal, and we
23 have read in the press that the Agency will
24 proceed with the Tier 2 rulemaking in spite of
25 the Court's decision.

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1 Urvan R. Sternfels, NPRA

2 The Agency asserts that the Tier 2
3 proposal can find some basis in the Clean Air Act
4 itself and the EPA also says that the proposal
5 relies upon the old one-hour standard to justify
6 it. However, it is equally true that EPA makes
7 more than 100 references in the same proposal to
8 the new standards which were set aside by the
9 Court.

10 Now, the EPA claims it does not rely
11 on standards at all in moving forward with the
12 proposal. Just to set the record straight, we
13 suggest that the old adage still applies: You
14 just can't have it both ways.

15 It will be a while before the Courts
16 can have their say on the new NAAQS standards and
17 the related matters. In the meantime, NPRA
18 earnestly hopes to work with you in the cure of
19 the deficiencies of the gasoline sulfur proposal.

20 We think there is a strong case to be
21 made that changes are needed. Of equal or
22 perhaps greater concern are the upcoming diesel
23 sulfur rulemaking and resolution of the current
24 controversy regarding the MTBE usage, two other
25 issues which will be expensive to refiners, which

00181

1 Urvan R. Sternfels, NPRA
2 must be navigated during much of the same time
3 frame as this rule.

4 To sum it up, let me just reemphasize
5 that our industry agrees with the EPA that it is
6 important to reduce sulfur in gasoline. But like
7 all important things, it is worth doing right the
8 first time.

9 To do the most good, and more
10 importantly, to avoid doing harm, the new sulfur
11 standards should be reasonable and they should be
12 implemented in a prudent and cost-effective
13 manner.

14 This will minimize unnecessary costs
15 to consumers and the danger of reduced gasoline
16 supplies. If changes are not made, the combined
17 impact of this proposal and other fuel-related
18 issues is such that we cannot assure the EPA and
19 other federal policymakers that adverse
20 consequences will not occur.

21 I thank you for the time and
22 appreciate you for inviting us.

23 MS. OGE: Thank you.

24 I understand Ms. Claudia Crane is in
25 the room.

00182

1 Claudia Crane

2 Claudia? Will you please go over?

3 MR. CRANE: Do I just sit up there?

4 MS. OGE: Uh-huh. Please.

5 MS. CRANE: Good afternoon.

6 Is this working? Okay.

7 My name is Claudia Crane. I am a
8 registered nurse at Tenet Graduate Hospital here
9 in Philadelphia.

10 I applaud the EPA's efforts to make
11 it safer to breathe by cutting pollution from
12 vehicles.

13 My colleagues in the emergency room
14 tell me that there are definitely more emergency
15 room visits for breathing problems on hot, sunny
16 summer days. Sometimes those patients aren't
17 well enough to go home after treatment in the
18 emergency room and are admitted in the Medical
19 Intensive Care Unit for treatment where I work.
20 Some need to be intubated and ventilated. I will
21 explain this in lay terms.

22 A stiff tube the size of a garden
23 hose is forced down your throat. The inflatable
24 flange on the outer surface of the tube presses
25 into the inside of your windpipe, holding the

00183

1 Claudia Crane

2 tube firmly in place and sealing the airway.

3 Then air is pumped into your lungs.

4 That is enough about dire medical
5 procedures.

6 While my colleagues know that hot,
7 sunny days bring more people in respiratory
8 distress to the hospital, they know how to take
9 care of these patients, I would venture to say
10 many nurses aren't fully aware that it isn't the
11 hot weather, per say, that causes the respiratory
12 distress.

13 What they don't know or may not know,
14 it is the ground level ozone on those hot days
15 that is burning the lungs of those patients. It
16 ain't the heat; it's the ozone.

17 This ozone is burning the lungs of us
18 all. I don't blame nurses for their lack of
19 awareness of the dangers of ground-level air
20 pollution. Nursing education at the
21 undergraduate level is focused on the care of
22 individuals and their families, not on the
23 attention to manage public policy that affects
24 the health of us all.

25 Most information that nurses, and for

00184

1 Claudia Crane

2 that matter the rest of the public, get about air
3 quality and health effects depends on media
4 coverage, which is scant. Yesterday morning the
5 TV news warned me to stay inside because of the
6 heat, but no mention of the air quality
7 standard. Is this because the weather report cut
8 to a car commercial?

9 Thanks to the federal government, the
10 public is now aware of the danger of smoking. We
11 should also be aware of the dangers to our health
12 imposed by other forms of air pollution. We are
13 all secondhand exhaust inhalers.

14 Just as the EPA should educate the
15 public about the consequence of air pollution
16 imposed by vehicles, so should the EPA impose the
17 strictest possible pollution regulations now on
18 all vehicles including SUVs and minivans. That
19 includes diesel.

20 My main mode of transportation is my
21 bicycle. I am often caught bicycling -- often
22 bicycling in traffic behind a diesel bus,
23 catching a hefty dose of particulates as the bus
24 blows a cloud of soot my way as it accelerates
25 from a stop.

00185

1 Claudia Crane

2 Particulates are just as bad in their
3 own way as ground level ozone. Its dangers have
4 been well documented, as it was well documented
5 about five years ago in the "Journal of the
6 American Medical Association," who published a
7 study about particulates in Steubenville, Ohio.

8 Other research since then has
9 corroborated that study. And I understand that
10 California has -- the state of California has
11 labeled diesel from particulates as a human
12 carcinogen.

13 My son will soon start his summer job
14 delivering pizza by bicycle. So we both get the
15 privilege of breathing in the summer cocktail of
16 ozone and particulates.

17 There is no excuse for not imposing
18 stricter pollution control standards now. The
19 EPA estimates that the cost of sulfur removal
20 from gasoline will be between 1 and 2 cents per
21 gallon. And the pollution control technology
22 that will allow even -- that will allow even SUVs
23 to comply with new standards already exists. The
24 estimated cost: about \$200 dollars per truck.

25 Thank you very much.

00186

1 Mary Marsh, Sierra Club - MD Chapter
2 MS. OGE: Thank you. Thank you very
3 much.

4 Do the panel members have any
5 questions?

6 Thank you very much. Thank you for
7 your testimony.

8 And we have a couple of people that
9 would like to testify. But before I call them to
10 come up, I am wondering if Mr. Tom Powell is
11 here?

12 I would like to call out Mary Marsh
13 and Janice Graham.

14 MS. MARSH: My name is Mary Marsh,
15 and I am the legislative chair for the Maryland
16 Sierra Club.

17 This past legislative session we also
18 looked at the low sulfur fuel. So many of the
19 items that I have been watching here today, I
20 also heard with many of the folks testifying
21 before our own general assembly.

22 The Maryland Chapter represents
23 12,000 members of the Sierra Club from the
24 Allegheny Mountains to the Eastern Shore.

25 The chapter applauds the U.S. EPA for

00187

1 Mary Marsh, Sierra Club - MD Chapter
2 proposing the Tier 2 auto pollution and gasoline
3 standards.

4 As you know, air pollution is a
5 particularly serious problem for senior citizens,
6 for children and asthma sufferers. These new
7 standards will have a dramatic effect on the air
8 we breathe for years to come.

9 The sulfur portion of the new
10 standards alone will have the same pollution-
11 lowering effect as taking 54 million cars off the
12 road nationwide. That's a lot of clean air. And
13 gosh, wouldn't that be a lot better?

14 Air pollution is dangerous for us
15 all, but children are more likely than adults to
16 suffer. You see, children breathe in more air
17 per pound of body weight, spend more time
18 outdoors, and are less likely to go indoors on
19 days when air pollution is high even when they
20 experience respiratory discomfort.

21 Asthma rates among children are up 75
22 percent since 1980 with 4.6 million children
23 suffering from asthma nationwide. Air pollution
24 also takes a heavy toll on adults who already
25 have respiratory ailments, especially the

00188

1 Mary Marsh, Sierra Club - MD Chapter
2 elderly.

3 Just within the last week in the
4 Washington, D.C./Baltimore Metro Area, ozone
5 alerts have filled our local news and smog has
6 hung over our cities on the East Coast. Our own
7 automobiles and the emissions from their use are
8 basically to blame. Cars and light trucks are a
9 big part of the problem.

10 Americans now drive 2.5 trillion
11 miles per year, compared to only 1 trillion miles
12 in 1970, burning more fuel and producing more
13 pollution.

14 Cars and light trucks spew out 30
15 percent of the smog forming nitrogen oxide
16 pollution that fouls our air. What most people
17 don't know is that the loophole in the federal
18 Clean Air Act permits light trucks, SUVs,
19 minivans, and pick-ups, to pollute two to five
20 times more than passenger cars.

21 There are four things, though, that
22 we as members of the Sierra Club feel need to be
23 addressed specifically with these Tier 2
24 standards:

25 First off, there should be no special

00189

1 Mary Marsh, Sierra Club - MD Chapter
2 treatment of heavier vehicles. All passenger
3 vehicles including minivans and SUVs should meet
4 the state standards at the same time. Larger
5 SUVs should not be given extra time to clean up.

6 Right now the proposal includes a
7 separate schedule for these heavier vehicles.
8 These vehicles will have a lower protection
9 standard than any other vehicle class. The
10 industry has always responded with new
11 technologies and products when standards are firm
12 and deadlines are reasonable.

13 The ten-year phase-in schedule for
14 heavier vehicles far exceeds any phase-in period
15 for passenger vehicles ever proposed. These
16 schedule -- this schedule asks for victims of air
17 pollution to once again wait for relief. If,
18 anything, the time line should be shortened.

19 In addition, this proposal does
20 nothing to clean up the super-sized SUVs such as
21 the Ford Excursion or even the Suburban.

22 This could lead to increased sale and
23 production of these overgrown passenger cars.
24 Heavy-duty trucks should be required to clean up
25 their emissions as well.

00190

1 Mary Marsh, Sierra Club - MD Chapter

2 Number two, there should be no
3 special treatment of diesel technologies. All
4 vehicles, regardless of engine technology or fuel
5 use, should meet the same public-health related
6 standards.

7 There is no logical justification for
8 special treatment for diesel technologies. Yet
9 the proposal has created two vehicle categories
10 that would permanently allow diesel engines to
11 pollute twice as much soot as gasoline engines
12 and up to ten times as much smog-forming nitrogen
13 oxide.

14 Given the toxic and likely
15 carcinogenic nature of diesel exhaust, there
16 should be no incentives to increase the amount of
17 diesel vehicles on the roads.

18 Number three, the sulfur levels in
19 gasoline should be lowered to 30 ppm ASAP.

20 The current proposal will reduce the
21 sulfur contents in gasoline but allow an extended
22 timetable for small refiners. Low sulfur
23 gasoline needs to be adopted nationally at the
24 same time as new emissions standards.

25 The interesting part about this, as I

00191

1 Mary Marsh, Sierra Club - MD Chapter
2 have been listening to the testimony today, is
3 that just in February, some of the same folks who
4 were telling us in the state of Maryland that
5 they could not do it in the state of Maryland, or
6 even regionally because it wouldn't be
7 cost-effective, are up here telling you that they
8 can't do it nationally, they want to do it
9 regionally, because it's cost-effective. There's
10 a problem here.

11 By allowing some of the refiners to
12 continue producing dirty gasoline, there will be
13 negative impacts. And the reality is that by not
14 requiring everybody to have the same standards,
15 you're going to have more people coming in for
16 waivers and more excuses. We can't accept
17 excuses.

18 There should be increased incentives
19 for advanced technology vehicles. The new
20 standards do not provide sufficient incentive to
21 spur the development of cleaner technology such
22 as battery-electric and fuel-cell-powered cars.

23 In order to get -- to move the market
24 toward the future, advanced technology vehicles,
25 the EPA must do more to get more of these

00192

1 Mary Marsh, Sierra Club - MD Chapter
2 vehicles on the road.

3 According to your own statistics, at
4 least 117 million Americans live in areas with
5 chronic smog problems, while approximately 50
6 percent of Americans live in areas with elevated
7 soot levels.

8 During the 1998 smog season, i.e.
9 April through September, smog reached unhealthy
10 levels in 32 states and the District of
11 Columbia. This is intolerable.

12 I want everyone just to close your
13 eyes. Do you remember what it was like about 40
14 years ago to go somewhere in the U.S. far from
15 the city where you could actually get away from
16 the smog? Do you remember when you could go into
17 the mountains and simply just breathe? Do you
18 remember what the air was like? Do you remember
19 how clear the skies -- the sky was?

20 We need to make sure that 40 years
21 from now our children can once again be anywhere
22 in the United States and be able to breathe.

23 Please implement the stronger
24 standards.

25 Thank you.

00193

1 Janice Graham, Sierra Club - MD Chapter

2 MS. OGE: Thank you.

3 Ms. Graham.

4 MS. GRAHAM: Thank you, Margo. Good
5 afternoon. I certainly appreciate your
6 consideration.

7 I am Janice Graham. I am the
8 conservation chair for the Sierra Club on the
9 Eastern Shore of Maryland and the chair of
10 Haztrak, which is an environmental coalition.

11 I am going to deviate just a moment
12 from my testimony and react to what Mary just
13 said about "remember when."

14 I moved to California in the mid
15 '80s. When we first got there, we could look
16 from my back deck, see the flowers and see the
17 beach and whether we should go to the beach that
18 day or not. We could look in the other direction
19 and we could see the snow-capped mountains of the
20 Sierra-San Bernardino Mountains. We didn't see
21 the smog from LA. Four years later we saw the
22 smog from LA.

23 I live on the Eastern Shore. But we
24 still have the clear skies where we still, other
25 than smelling the manure from the farms and a few

00194

1 Janice Graham, Sierra Club - MD Chapter
2 other farm odors that drift here and there, we
3 still have pretty clean air.

4 I would like it to stay that way. I
5 would like to have it stay that way and not wait
6 until we need more restrictions in order to get
7 it back to the way it was. And that's why these
8 restrictions need to be across the board
9 nationwide, not regionally. We need it before it
10 happens.

11 A gentleman this morning talked about
12 the big -- the West doesn't need this; California
13 needs this, we need this. That's not the case
14 here.

15 If we do what he suggested, where
16 it's not cost-effective for those people to do
17 what they pay for it, they are not going to get
18 back -- well, you can say that about a heck of a
19 lot of government projects. Couldn't you say
20 that about a lot of problems we have, that it's
21 not going to affect us directly so we shouldn't
22 pay for it? That is a very dangerous argument to
23 use.

24 Now I will go back to my testimony.
25 I live in a small town. I live in

00195

1 Janice Graham, Sierra Club - MD Chapter
2 the town of Galena. We have 398 people in this
3 town on the Eastern Shore. But most of Maryland
4 is designated as a non-attainment air quality
5 area according to EPA's standards.

6 All of our citizens are affected.
7 Numerous Maryland vehicles have their emissions
8 tested yearly. We have enacted Smart Growth to
9 change our land use habits to focus on land
10 development. But we have a continually growing
11 population. We know that it will not be enough
12 to improve Maryland's air quality.

13 But the reduction of sulfur content
14 in our gasoline will make a difference. It may
15 not make a big difference in a rural town. We
16 have to travel 18 miles to the nearest
17 supermarket; we can't cut down the vehicle miles
18 traveled. Our school children go 20 miles to the
19 high school. There is no way for us to do that.
20 And living in a rural community, most of us drive
21 larger vehicles; we drive pick-up trucks.

22 I live in this little tiny town, and
23 on the Main Street is a straight road. Waiting
24 to cross the road from the post office, I counted
25 17 vehicles. Out of 17 vehicles -- we had large

00196

1 Janice Graham, Sierra Club - MD Chapter
2 trucks, you know, feed trucks, oil or gravel
3 trucks, pick-up trucks and the SUVs -- there were
4 two passenger cars.

5 That's why it's so important for you
6 to make sure that these restrictions go not just
7 to passenger vehicles but to everywhere. We
8 really need the help in our rural communities.

9 The lower sulfur content in our oil
10 fuel means our vehicles will operate with
11 catalytic converters that actually work. This
12 means in our traffic and country roads and
13 streets in our neighborhoods, more nitrogen
14 oxides will be removed from our vehicles'
15 exhaust, since smog is the one air pollutant that
16 has not been significantly reduced since the
17 enactment of the Clean Air Act.

18 But to get the cleaner air, we need
19 our refineries to implement new refinery
20 technologies sooner rather than later, contrary
21 to what you've heard here today. This is an
22 opportunity for real action to clean up our air
23 quality.

24 In addition, all of us, we need to
25 promote advanced technology vehicles, advanced,

00197

1 Janice Graham, Sierra Club - MD Chapter
2 clean vehicles, such as hybrid, electric,
3 fuel-cell vehicles. Some of them are already on
4 the road or are on their way to the market in
5 several states.

6 These new standards should promote
7 cleaner advanced technologies. Big polluters in
8 the auto and oil industry are lobbying to make
9 sure that the new standards protect their profits
10 instead of our children's health and environment.

11 The only way to make sure that the
12 new rules are strong enough and effective is to
13 send a loud and clear message that Americans
14 demand clean air for our children and our
15 environment.

16 We already talked about the children
17 and the asthma that is increasing and increasing
18 dramatically. It seems like economics is the
19 only thing that people understand. Well, if you
20 want to take in the economics of the amount of
21 time lost for parents who want to stay home from
22 work or children who are asthmatic, you are
23 talking about a huge economic impact.

24 That's the end of my testimony as
25 written, but I have to mention something that

00198

1 Janice Graham, Sierra Club - MD Chapter
2 happened earlier.

3 It seems so strange that the word
4 "flexibility" has so many meanings depending on
5 the self-interest of the person who wants to
6 interpret that word. I urge you to keep your
7 definition of "flexibility." And that, from my
8 point of view, is probably even too flexible.

9 I urge you to stick to what you are
10 doing and to make sure that these rules and
11 regulations are implemented by the end of this
12 year.

13 And I thank you again.

14 MS. OGE: Well, thank you very much.
15 I thank both of you for taking the time to come
16 here and share your wisdom with us. Thank you.

17 Well, the good news is we are 15
18 minutes ahead of schedule. Ted is doing a
19 wonderful job.

20 For the next panel I will call the
21 names of Mr. Joe Minott, John German, Ms. Nancy
22 Brockman, Mr. Larry Joyce, and Mr. Gerald Faudel.

23 After this panel discussion, we are
24 going to have a short break so we can have a
25 change in the reporter.

00199

1 Joseph Otis Minott

2 MS. OGE: Mr. Minott, we can start
3 with you.

4 MR. MINOTT: Good afternoon. My name
5 is Joseph Minott. I am an attorney, an
6 environmentalist, soccer coach and a community
7 activist. But my -- I also need to tell you, I
8 am the Executive Director of the Clean Air
9 Council. And the Clean Air Council will give its
10 official testimony tomorrow.

11 My most important role, however, is
12 that of father.

13 My son, Christopher, is an active 9-
14 year-old. He loves to play soccer and
15 basketball. He is also an asthmatic.

16 I do not know how many of you in this
17 room have had to deal with a child that has to be
18 rushed to the hospital because he cannot breathe
19 or even a child that needs to skip a soccer game
20 because the air pollution is making him wheeze.

21 If you have an asthmatic member of
22 your family, you will understand the passion of
23 my testimony.

24 The Clean Air Act mandates that the
25 EPA set national ambient air quality standards

00200

1 Joseph Otis Minott

2 that protect Christopher's health. There is no
3 doubt that the air in this region is not
4 protective of public health. It certainly is not
5 protective of the public health of people with
6 respiratory disease.

7 Asthma rates among children are up 75
8 percent since 1980 with 4.6 million children
9 suffering from asthma nationwide.

10 In 1998 Pennsylvania had 616 readings
11 where the eight-hour standard was exceeded.

12 Most Pennsylvanians are still
13 regularly exposed to unhealthful levels of
14 ozone. In Montgomery County where Christopher
15 lives, the eight-hour standard was exceeded 19
16 times. In Philadelphia County, it was exceeded
17 27 times.

18 Much of the environmental community
19 is going to applaud the EPA's action today. I
20 would rather ask of EPA: What took you so long?

21 That the SUV emission loophole that
22 allows such cars to pollute three to five times
23 more than passenger cars needed to be addressed
24 has been obvious for years, yet only now is EPA
25 proposing to act.

00201

1 Joseph Otis Minott

2 A recent poll determined that an
3 overwhelming number of SUV owners agree that
4 their vehicles should be held to the same strict
5 emissions standards as passenger cars. I am
6 appalled to learn that EPA is continuing the
7 loophole for the biggest SUVs.

8 Despite the fact that EPA designed
9 its proposals in close consultation with the auto
10 and oil industries and despite the fact that EPA
11 has been unduly generous in allowing extra time
12 for large SUVs and small refineries to meet their
13 respective standards, you will hear today much
14 complaining from the auto-makers and all of the
15 producers.

16 These industries will not honestly
17 look at the impact they are having on asthmatics
18 and other respiratory-impaired Americans.

19 What about the cost to them of not
20 moving forward expeditiously to the Tier 2 and
21 low-sulfur in gasoline standards?

22 Those industries will resort to time-
23 honored, and historically proven wrong each and
24 every time, protestations about how unreasonable
25 these regulations are, how costly they will be

00202

1 Joseph Otis Minott
2 for consumers, how it will ruin the auto
3 industry, how it will put small refiners out of
4 business, how the regulations are not technically
5 feasible.

6 What you will not hear from the fuel
7 industry is that their fuel throughout America is
8 so dirty it is ruining the pollution control
9 systems of American's cars.

10 What I hope you, the panel, will
11 hear, will truly hear from health experts and
12 worried parent such as myself, is that these
13 proposed regulations will go a good way to
14 starting to address the financial and emotional
15 costs associated with the dramatic rise in asthma
16 cases in America's children.

17 It is time for the federal government
18 to understand this growing epidemic and deal with
19 it. What EPA is proposing today is the belated
20 first step.

21 That concludes my comments.

22 I have been given permission to read
23 the comments of GASP, which is Group Against Smog
24 and Pollution. And I will do that now.

25 Group Against Smog and Pollution

00203

1 Joseph Otis Minott for GASP
2 would like to make the following comments
3 concerning the Tier 2 standards:

4 It is extremely important to move
5 forward to substantially reduce emissions from
6 automobiles and light- to heavy-duty trucks.
7 On-road vehicles are responsible for 30 percent
8 of the nitrogen oxides and 20 percent of the
9 volatile organic compounds, both precursors to
10 ozone.

11 During your own analysis, you found
12 in over half of the time studies showed that
13 there was a statistically significant
14 relationship between ozone and mortality. The
15 number of deaths attributable to asthma has
16 increased 117 percent since 1979 according to the
17 American Lung Association of Metropolitan
18 Chicago.

19 Oxides of nitrogen emissions are
20 contributing to the acidification of our
21 waterways and soils. In the Chesapeake Bay, the
22 unique economic and aesthetic resource, airborne
23 nitrogen is 44 percent of the problem.

24 In short, the health and
25 environmental damages from on-road vehicles is

00204

1 Joseph Otis Minott for GASP
2 enormous and tragic. Tragic because poll after
3 poll shows that the majority of Americans want
4 clean air and are willing to pay for it.

5 Even 85 percent of sport-utility
6 vehicle owners agree that these vehicles should
7 meet the same emission standards as passenger
8 cars, according to a poll done by the American
9 Lung Association.

10 The price to upgrade vehicles to a
11 cleaner system is not that great. You have
12 estimated 2 cents per gallon to lower the sulfur
13 in fuel. And according to a story in "U.S.
14 News," to hold sport-utility vehicles to the same
15 emission standards as passenger sedans would cost
16 less than \$200 per vehicle.

17 This clean-up is reasonable and
18 overdue. Additionally, when about one in every
19 two vehicles sold is a light truck, minivan or
20 SUV and sales growth is expected to increase, it
21 is imperative to recognize that these vehicles
22 are being used mostly as passenger cars and the
23 emissions should be equivalent to other passenger
24 cars.

25 In order to accomplish these

00205

1 Joseph Otis Minott for GASP
2 much-needed automobile reductions, we support
3 your holistic view that sulfur and fuels must be
4 reduced significantly in order for the catalytic
5 converters to work sufficiently.

6 We urge you to keep this as a
7 national effort at the proposed 30 ppm or lower
8 standard with a three-year phase-in.

9 With respect to the NOx emissions, we
10 urge that heavier-duty -- that heavier light-duty
11 trucks, the most polluting of these affected
12 vehicles, not be given a two-year extension but
13 meet the standard that new passenger cars or
14 light-duty trucks will meet in 2007.

15 Since you are looking at this
16 emission problem holistically, you should
17 consider how your proposed changes would affect
18 the emission of nitrous oxide. Those studies
19 estimate that nitrous oxide may represent about
20 one-sixth of the global warming effect that
21 results from gasoline use.

22 One would hope that the extensive
23 effort would not reduce one problem but increase
24 another. Just because it is not a regulated
25 emission does not mean this potential problem

00206

1 John German, Honda
2 should be ignored. We endorse your application
3 of a standard to all fuel types.

4 This brings up a final point that the
5 EPA should progress towards other types of
6 vehicles replacing gasoline with cleaner fuels
7 and technology. We reserve the right to provide
8 more detailed comments during the comment
9 period. Marie Pregoshis (ph.), president, I
10 assume.

11 Thank you.

12 MS. OGE: Thank you.

13 Mr. German.

14 MR. GERMAN: The last time I was at
15 one of these things, I was sitting over there, so
16 this will be a little different.

17 Hello. My name is John German. I am
18 here to present comments on the proposed Tier 2
19 requirements on behalf of the American Honda
20 Motor Company.

21 First of all, and most important,
22 Honda applauds EPA's treatment of fuels and
23 engines as a single system. Sulfur is a catalyst
24 poison which has many detrimental effects. It is
25 a barrier to reaching low emission levels and it

00207

1 John German, Honda
2 is a barrier to introduction of new
3 technologies. It forces manufacturers to
4 increase precious metal use in catalysts despite
5 limited supplies worldwide and reacts with
6 naturally occurring ammonium in the atmosphere to
7 produce fine particulate matter.

8 EPA's proposal to control sulfur to
9 reasonable levels nationwide will significantly
10 improve public health, offer greater performance
11 to the catalyst, and enable new technologies and
12 more stringent vehicle emissions standards.

13 Honda strongly supports EPA's
14 proposal to control sulfur nationwide, not just
15 regionally. Not only does sulfur -- not only
16 does regional control present a potential barrier
17 to lean burn engines and lean NOx-source
18 catalysts, all existing data understates the
19 impact of sulfur on emissions and reversibility.
20 All existing data understates the impact of
21 sulfur on emissions and reversibility.

22 This is because not enough sulfur was
23 loaded on the catalyst before these vehicles were
24 tested on the test programs. Honda recently
25 conducted a test program which demonstrated that

00208

1 John German, Honda
2 the existing data does not reflect real world
3 performance.

4 We have previously shared this data
5 with EPA, and it was also presented at the SAE
6 government/industry conference.

7 While I am not going to go through it
8 again here, we want to be sure that EPA
9 understands the importance of this factor should
10 regional sulfur programs be reconsidered. I
11 would be very happy to discuss the results at a
12 later meeting at your convenience.

13 Given national control of sulfur,
14 Honda also supports consideration of further
15 reduction and vehicle emissions control. We
16 review this as consistent with our continuous
17 efforts to advance vehicle technology and provide
18 lower emission vehicles throughout the nation.

19 Our 1996 Civic was the first gasoline
20 car vehicle to meet California's low emission
21 standards three years before required. The 1998
22 Accord was the first gasoline-powered vehicle to
23 meet California's even stricter ULEV standards.

24 Honda was also the first manufacturer
25 to sell gasoline-powered LEV vehicles nationwide

00209

1 John German, Honda
2 and ULEV vehicles in selected states in the
3 Northeast.

4 Honda is committed to marketing
5 environmentally friendly vehicles -- marketing
6 environmentally friendly, low emission vehicles.
7 Not only have we been the industry leader in
8 voluntarily introducing low emission vehicles
9 without mandates, we intend to continue this
10 leadership in the future.

11 But the beneficial effect of sulfur
12 control on both the existing fleet and group
13 catalyst technology, Honda is ready to do its
14 part in providing advanced technology vehicles
15 and cleaner air to everyone.

16 Our only concern is to make sure that
17 the cost of introducing lower emission vehicles
18 does not rise to unacceptable levels.

19 Today we wish to make clear the
20 difference between our view of technical
21 feasibility and cost-effectiveness. Honda does
22 not oppose California's new LEV II emission
23 requirements, and a fleet mix meeting the LEV II
24 emission standards would also meet EPA's proposed
25 Tier 2 standards.

00210

1 John German, Honda

2 Therefore, Honda accepts that the
3 Tier 2 standards proposed by EPA are technically
4 feasible. We believe that the technology to meet
5 the proposed standards is well-known and
6 understood. It consists primarily of extremely
7 precise air/fuel control and improved catalysts.

8 Development work is already in
9 process. But the point is that neither the
10 industry nor EPA can forecast with any real
11 accuracy what the results are going to be.

12 There are some key unknown factors
13 associated with catalyst development.
14 Historically manufacturers have met increasingly
15 stringent admission standards in part by
16 improving catalyst lightoff and increasing
17 precious metal loading.

18 However increasing precious metal
19 loading is no longer practical. The resulting
20 increase in precious metal demand would outstrip
21 supply, resulting in catastrophic increases in
22 precious metal prices.

23 In addition, rhodium supply is
24 essentially inelastic and it likely would not be
25 available at almost any price. Thus, whether or

00211

1 John German, Honda
2 not the proposed standards are cost-effective
3 depends upon improvements in the catalyst design.

4 The catalyst must be able to achieve
5 much higher efficiencies without increasing
6 precious metal content. Catalyst and vehicle
7 manufacturers are already working on such
8 designs, but it is not possible at this time to
9 predict how efficient and how durable they would
10 be.

11 Such designs must also be able to
12 tolerate sulfur levels mandated by EPA without
13 significant losses in efficiency. This is a
14 serious concern, as the precious metals will be
15 much more highly dispersed in the catalyst in
16 these advanced designs.

17 This high level of dispersion will
18 make them much more susceptible to sulfur
19 poisoning.

20 Honda is not asking for EPA to revise
21 the proposed Tier 2 requirements. We don't have
22 any cost data on alternative scenarios anyways.
23 What we are asking for is a double-check before
24 the standards take effect in order to make sure
25 that these costs do not skyrocket.

00212

1 John German, Honda

2 Because of all of the challenges and
3 uncertainties, Honda believes it is important
4 that EPA conduct an interim study before the
5 rules take effect.

6 This study would allow EPA to assess
7 a number of very important issues such as:

8 How successful manufacturers will be
9 in designing near-perfect air/fuel control and
10 catalyst manufacturers in improving catalysts;

11 The sensitivity of the new catalyst
12 designs to sulfur;

13 Future increases in precious metal
14 availability and cost;

15 And development of lean-burn engines
16 and lean-NOx storage catalyst.

17 If the study shows that development
18 has progressed as anticipated by EPA, then the
19 regulations could take place as scheduled.

20 However, if problems occur during
21 development, the industry would have some
22 assurance that it will be not locked into
23 unacceptably high costs.

24 One way to handle an interim study
25 could be to establish biennial reviews to

00213

1 John German, Honda
2 evaluate catalyst development, precious metal
3 prices similar to what California is already
4 doing.

5 Honda's third major comment is that
6 we believe passenger vans and sport-utility
7 vehicles need to be held to the same standards as
8 cars. Passenger vans and sport-utilities are
9 bought by consumers for similar purposes as cars,
10 and they compete directly in the market.

11 It is not justifiable to give some
12 vehicles an artificial cost by allowing them to
13 pollute more both from an environmental and a
14 market competitiveness point of view.

15 Thus, Honda strongly supports EPA's
16 proposal to hold light trucks to the same
17 standards as car. Honda is not opposed to a
18 longer phase-in schedule for the heavier light
19 trucks as proposed by EPA, nor would we be
20 opposed to some relaxation in standards of
21 vehicles used primarily for commercial purposes,
22 such as the provision that CARB's incorporate
23 into their recent LEV 2 regulations.

24 However, all passenger vans and
25 sport-utility vehicles should eventually be held

00214

1 John German, Honda
2 to the same standards as cars.

3 Honda has two other comments: First,
4 we have some concerns with the hydrocarbon
5 standards proposed by EPA. Fuel volatility is
6 not controlled outside of California. It can
7 have negative impacts on both hydrocarbon
8 emissions and drivability.

9 California has recognized this
10 problem and already controls fuel volatility, but
11 we do not believe that EPA has fully understood
12 the importance or significance of this issue.

13 Establishing a nationwide cap on
14 Distillation Index as the industry has petitioned
15 EPA would have an extremely small impact on the
16 fuel prices while yielding significant reductions
17 in hydrocarbon emissions.

18 Based upon a recent MathPro analysis,
19 the cost increase for the average vehicle works
20 out to about a buck a year or about the price of
21 a cup of bad coffee.

22 We strongly urge EPA to address the
23 fuel volatility problem by either regulating DI
24 or considering less stringent hydrocarbon
25 standards. We welcome the opportunity to work

00215

00216

1 Nancy Brockmon, Wyncote Audubon Society
2 needed to address these issues and assess the
3 cost-effectiveness of proposed requirements
4 before they take effect.

5 And number three, EPA should continue
6 to treat passenger vans and the sport utilities
7 the same as cars.

8 EPA has taken a positive step towards
9 putting -- towards providing air quality benefits
10 in a reasonable manner. The challenge of
11 auto-makers is to offer car and truck buyers what
12 they want: higher performance, safety and added
13 comfort, vehicles that also use less fuel and
14 emit less pollution.

15 Honda will continue to take up this
16 challenge and work with EPA in the development of
17 the final rule.

18 MS. OGE: Thank you.

19 Ms. Nancy Brockmon.

20 MS. BROCKMON: I am Nancy Brockmon,
21 and I am here to speak on behalf of the 2,000
22 members of the Wyncote Audubon Society, one of
23 the nation's oldest bird clubs. And I am here as
24 an asthmatic and the parent of an asthmatic
25 child.

00217

1 Nancy Brockmon, Wyncote Audubon Society

2 I want to compliment the EPA for its
3 foresight and courage to open the Tier 2
4 emissions standards to public comments.

5 I find it ironic though that while
6 these hearings are being held in the Philadelphia
7 area, it is in a protracted unhealthy ozone
8 alert. The air we are breathing today is
9 dangerous.

10 According to the EPA standards, the
11 Delaware Valley is a severe non-attainment area.
12 Between 1982 and 1992, the region lost over 25
13 percent of its total farmland. In that same
14 period, there was a 33 percent increase in auto
15 commuters in the area.

16 The picture of the Greater
17 Philadelphia region is one of sinking green space
18 and wild life habitat, increased regional sprawl,
19 hire-than-deemed-safe air pollution. Couple that
20 with the increased auto dependency, and the
21 result is air pollution. We have a dangerous
22 recipe for environmental disaster.

23 The National Audubon Society's
24 mission is to conserve birds and their habitats.
25 Today Audubon societies are committed to bringing

00218

1 Nancy Brockmon, Wyncote Audubon Society
2 people closer to bird life in order to build a
3 deeper understanding of the powerful links
4 between healthy bird populations, ecosystems and
5 our cells.

6 Birds have been used to monitor the
7 environment throughout history. Declines in
8 population numbers and changes of species
9 resulting from human-induced causes provides
10 information crucial to environmental decisions.
11 Birds integrate and accumulate environmental
12 stresses over time, because they are usually high
13 in the food chain and have relatively long life
14 spans.

15 Since birds are sensitive to stresses
16 in predictable ways, they are often used as a
17 proxy measure of environmental change.

18 We are being warned, much as the
19 canary warned miners of old of lethal gases in
20 deep shaft mines. Environmental changes are
21 occurring at an alarming rate. Healthy bird
22 populations are decreasing in this region. Fewer
23 numbers of the once populous regions are found as
24 wildlife habitats disappear and become
25 increasingly polluted.

00219

1 Nancy Brockmon, Wyncote Audubon Society

2 Acid rain changes the ecological
3 balance of lakes and streams and affects the
4 surrounding habitat. Air pollution kills trees
5 reducing food supplies for both indigenous and
6 migratory birds.

7 That portion of air pollution caused
8 by cars, minivans, SUVs and diesel vehicles is
9 enormous and can be reduced.

10 Each day we pander to large business
11 interests, more species approach oblivion
12 diminishing our world and lives as they go. Too
13 often the right move is unclear. But here we
14 have all of the components to make it work.

15 We know what to do. We know how to
16 do it. The benefits in reducing automobile
17 pollution well outweigh the losses to business.
18 On a personal note, I wish to say that not only
19 am I an asthmatic, but I believe I have passed
20 that tendency on to my child.

21 We all know the symptoms of asthma
22 and are aware that asthma is exacerbated by air
23 pollution.

24 Even with a decrease in the air
25 pollution over the last few years, our medical

00220

1 Nancy Brockmon, Wyncote Audubon Society
2 experts still tell us that asthma is on the rise
3 in the USA. And I fear the possibility that
4 damage to human health is more pervasive.

5 My son, Tim, is 14 years old. And
6 he, like most kids his age, likes in-line
7 skating, biking and team sports. But because he
8 is asthmatic, he is limited to the amount and
9 rigorousness of any outdoor activity especially
10 in the hot summer months.

11 He hates having exceptions made for
12 his condition. It makes him feel different from
13 other children.

14 Tim started high school this fall,
15 and he has had to carry his inhaler with him
16 daily. He is incapable of running track events
17 in a time that is acceptable for a C grade.

18 Last year we received an emergency
19 phone call from the school because he was having
20 severe chest pains, faintness and the inability
21 to breathe. His father and I left our respective
22 work places and rushed to the hospital to find
23 him still gasping for breath and very, very
24 scared.

25 No child should have to feel their

00221

1 Nancy Brockmon, Wyncote Audubon Society
2 mortality at that age. His quality of life is
3 compromised, perhaps for his entire life.

4 We have the power; we have the
5 technology to make the changes for the better
6 now. We should not wait.

7 Although the Tier 2 proposal is a big
8 step in the right direction, personally, I feel
9 it doesn't go far enough. All passenger cars,
10 minivans, sport utilities should be treated alike
11 and meet the same lower standards. All diesel
12 vehicles should be kept to the same standards as
13 cars. Low-sulfur gas should be made the national
14 standard.

15 As far as SUVs, why exempt them from
16 immediate compliance? These popular vehicles
17 emit more pollution per gallon of gas and use
18 more gas per mile. Industry can design them to
19 comply with the tighter standards.

20 Each one of us needs to accept the
21 responsibility for the type of vehicles we drive,
22 the miles we put on them, and the impact of the
23 resulting pollution.

24 Much as I may mourn the loss of many
25 endangered bird species, I fear more the

00222

1 Larry Joyce, Sierra Club - PA Chapter
2 irreparable danger to humans.

3 Thank you very much.

4 MS. OGE: Thank you. Mr. Larry Joyce
5 is our next speaker.

6 I'm Larry Joyce. I represent the
7 Pennsylvania Chapter of Sierra Club.

8 I want to thank the panel for
9 providing us with the opportunity to comment on
10 your proposed Tier 2 regulations.

11 My concern is the effect that -- the
12 effect that diesel engine emissions have on
13 children, particularly those with asthma, and the
14 failure of Congress and the EPA in the past to
15 take a more demanding posture about diesel engine
16 emissions.

17 In 1958 we purchased a small farm and
18 installed a farm pond. In 1972, PennDOT
19 constructed Interstate 81 through the property on
20 a 20-foot-high fill adjacent to the damn. In a
21 swampy area between the base of the damn and the
22 highway fill, water collects and is covered with
23 an oily scum, most likely the unburned fuel from
24 diesel products.

25 It is noticeable because it collects

00223

1 Larry Joyce, Sierra Club - PA Chapter
2 on water. It goes unnoticed as it rains down on
3 trees and grass. We do not see the particulate
4 and the nitrogen oxides associated with diesel
5 truck emissions, but we do see the higher-than-
6 normal mortality of trees on the property,
7 probably the result of the excess acidity of the
8 soil from the NOx.

9 None of my children showed symptoms
10 of asthma until after the construction of
11 Interstate 81. Now all are afflicted with some
12 respiratory damage of one type or another,
13 probably from the same NOx and the particulates
14 that are killing the trees.

15 Conditions have worsened with the
16 construction of 581, a highway going around
17 Harrisburg, connecting the Pennsylvania Turnpike,
18 I-81, I-83, Pennsylvania Route 11 and Route 15
19 which makes for even great amounts of truck
20 traffic.

21 Our politicians like to proclaim our
22 political rights, but even more basic is the need
23 for clean air and pure water, for without them we
24 will surely sicken and die. However, the right
25 for clean air and pure water becomes subordinate

00224

1 Larry Joyce, Sierra Club - PA Chapter
2 to many other objectives, particularly the need
3 to make a profit.

4 It is for this reason that any
5 proposal to require diesel truck engines to meet
6 the same emissions standards as the auto to
7 achieve air quality will stimulate a lot of
8 whining from the trucking industry about the cost
9 of implementing the proposal.

10 The trucking industry can always
11 increase freight rates, thereby increasing
12 revenue, the recourse the trucking industry uses
13 to recover all other costs, including increases
14 in costs of labor, fuel, or any other costs.

15 It is also the recourse used to
16 increase profits and return on investment. This
17 is an alternative that is available to the
18 trucking industry when there is a need to comply
19 with environmental or safety regulations.
20 Sometimes it is difficult to understand the
21 trucking industry's thinking.

22 We all need clean air to enjoy life,
23 even the trucker. And, moreover, clean air
24 regulations apply industry-wide. So any single
25 carrier would not be competitively disadvantaged.

00225

1 Larry Joyce, Sierra Club - PA Chapter
2 Apparently the trucking industry
3 views conformity with the principles of the Clean
4 Air as a challenge rather than one of strict
5 compliance, something like the way the public
6 adheres to the highway speed limits, catch-as-
7 catch-can.

8 An example as to what one publication
9 referred to as the billion-dollar mistake, diesel
10 engine manufacturers were accused by the EPA of
11 rigging computer controls so that the engines
12 would pass EPA tests at idle speeds, but would
13 deactivate pollution controls at highway speeds.
14 This involved over 1 million light- and
15 heavy-duty trucks.

16 Because of these defeat devices, EPA
17 said that diesel engines emit 1.3 million
18 additional tons of nitrous oxide per year, the
19 equivalent of the pollution caused by 65 million
20 autos or the 6 percent of all of the NOx emitted
21 by the nation's factories, power plants and autos
22 every year.

23 In the settlement with EPA in October
24 of last year, the engine manufacturers,
25 Caterpillar, Mack, Detroit Diesel, Volvo,

00226

1 Larry Joyce, Sierra Club - PA Chapter
2 NAVISTAR, Volvo, Cummins and Renault, were fined
3 \$83 million with an additional requirement that
4 they provide 110 million for research.

5 Although the members of the trucking
6 industry were not named in the settlement, it is
7 difficult to imagine that they were not aware
8 that the defeat devices had been installed in the
9 engines of their trucks. In fact, EPA did not
10 require a recall of the over-polluting trucks but
11 permitted the truckers to eliminate the defeat
12 device at the 36-month overhaul.

13 The reaction of the trucking industry
14 was cavalier. There was no apology, no
15 contrition about dumping an additional 1.3
16 million tons of nitrogen oxides into the
17 atmosphere annually.

18 Remarks by Gerald Deter, CEO of
19 ConWay Transportation Services, illustrates this
20 attitude: "The reality is we have to pass these
21 costs on. Our society as a whole will have to
22 bear these costs."

23 However, all costs, including the
24 cost of fuel, labor, and so forth are borne by
25 society. The issue is whether these costs should

00227

1 Larry Joyce, Sierra Club - PA Chapter
2 be borne now and by those using the
3 transportation or should these costs,
4 particularly health care costs, be borne by some
5 future generation where these costs will be
6 exorbitant.

7 Why can't Congress and EPA require
8 the diesel engine manufacturers and the trucking
9 industry to clean up their act thus providing for
10 a healthy people without the need to plan for
11 future health care costs?

12 Therefore, we feel fortunate to find
13 that EPA intends to make the Tier 2 standards
14 fuel-neutral since currently there is no level of
15 pollution specifically identified for diesels.

16 However, I am concerned that there
17 appear to be hidden concessions in the Tier 2
18 proposal designed specifically to accommodate
19 diesel vehicles, concessions which I believe
20 compromise the fuel neutrality of the program.

21 The interim vehicle standards for
22 cars and light trucks in the Tier 2 proposal
23 contain two categories that are specifically
24 designed to accommodate diesel vehicles by
25 allowing for higher levels of particulate matter

00228

1 Larry Joyce, Sierra Club - PA Chapter
2 and other pollutants. These categories in the
3 Tier 2 program are not necessary for gas engines
4 since gasoline engines do not produce the
5 particulate that diesel engines do.

6 Even with the exemption granted under
7 Tier 2, we recognize that these diesels would be
8 cleaner than those on the road today, but not as
9 clean as the Tier 2 gasoline engines would be.

10 These exemptions granted in the Tier
11 2 program may provide the opening that
12 auto-makers would relish, because it would
13 provide them with the opportunity to install
14 diesel engines in their SUVs to improve fuel
15 economy.

16 While diesel engines do get more
17 miles to the gallon, diesel exhaust is toxic and
18 has been identified as carcinogenic and contains
19 far more particulate matter than gasoline
20 exhaust.

21 Particulate matter, fine soot that is
22 small enough to be inhaled into the lower
23 respiratory tract, can cause lung inflammation
24 and even increased death rates for those with
25 respiratory or cardiovascular diseases. More

00229

1 Gerald Faudel, Frontier Oil
2 diesels on the road would be a serious threat to
3 our environment and health.

4 We would hope that the EPA would
5 tighten up the Tier 2 program to ensure that when
6 the auto-makers do use diesel, they will be as
7 clean as gasoline engines. The Advance Notice of
8 Proposed Rulemaking on diesel fuel quality which
9 was released by the EPA in conjunction with the
10 Tier 2 proposal, will be an important tool for
11 cleaning up diesel exhaust.

12 We applaud the EPA for the courage
13 that they have shown in taking on the engine
14 manufacturers and the trucking industry by
15 requiring them to produce cleaner diesel
16 engines.

17 Thank you.

18 MS. OGE: Thank you. Our last
19 speaker is Mr. Gerald Faudel.

20 MR. FAUDEL: Good afternoon.

21 MS. OGE: And that is for this panel,
22 not for the day.

23 MR. FAUDEL: No such luck.

24 Good afternoon. My name is Gerald
25 Faudel, and I am vice president of Frontier Oil

00230

1 Gerald Faudel, Frontier Oil
2 Corporation, a small business, independent oil
3 refiner.

4 I want to thank you for the
5 opportunity to provide these comments regarding
6 the proposed Tier 2 gasoline sulfur regulations,
7 and I request that Frontier's written comments
8 provided to the Agency during last year's
9 deliberations of the Tier 2 Small Business
10 Regulatory Enforcement Fairness Act also be
11 incorporated as part of the record in this
12 hearing.

13 I thought it was important that I
14 come here today, to this first Tier 2 public
15 hearing, to express Frontier's appreciations for
16 your Agency's interest in and considering of the
17 small businesses that will be most dramatically
18 affected by these rules.

19 It is good again to see so many of
20 the people who took the time to visit us in
21 Cheyenne, Wyoming and experience firsthand the
22 many differences between a small business refiner
23 and the huge multinational companies that most
24 think of when one mentions the oil industry.

25 We at Frontier were pleasantly

00231

1 Gerald Faudel, Frontier Oil
2 surprised when Mr. Tom Kelly took us up on our
3 offer to come see our facility, although many of
4 us still anticipated that the visit might be
5 merely a necessary box-checking exercise.

6 I am happy to say we were very
7 wrong. You came prepared; you heard us out; you
8 asked hard questions; you were interested; you
9 were skeptical. And as a result of your hard
10 work and concern, I think these SBREFA Panel
11 recommendations are both environmentally sound
12 and yet fair and equitable to small and large
13 businesses alike.

14 Congress determined that the Small
15 Business Regulatory Enforcement Fairness Act in
16 1996 or SBREFA was needed, in part since small
17 businesses bear a disproportionate share of
18 regulatory costs and burdens and that the
19 fundamental changes that are needed in the
20 regulatory enforcement culture of federal
21 agencies to make agencies more responsive to
22 small businesses can be made without compromising
23 the statutory emissions of those agencies.

24 This agency's demonstrated dedication
25 to the SBREFA process and the resulting small

00232

1 Gerald Faudel, Frontier Oil
2 business accommodations proposed by the Tier 2
3 SBREFA Panel incorporated in this rulemaking are
4 evidence of not only your appreciation of the
5 regulatory problems small businesses face but
6 more importantly, your willingness to work hard
7 to find a way to be more responsive to the needs
8 of small business without compromising your
9 statutory emission as requested by Congress.

10 We can't speak to the success of
11 other agencies of SBREFA Panels. But this one
12 may give all of our country's small businesses
13 reassurance that the process really does work as
14 Congress intended.

15 No one, however, should think that
16 the smaller refiner accommodations proposed in
17 this rulemaking somehow exempt small entities
18 from the national standards or provide loopholes
19 that could lessen the environmental benefits the
20 Agency seeks. Nothing could be farther from the
21 truth.

22 For many small refiners, compliance
23 with the proposed rule will be difficult and
24 costly. Frontier has estimated it will cost us
25 approximately \$10 million to meet the 2004

00233

1 Gerald Faudel, Frontier Oil
2 proposed standard.

3 While this may not seem like much to
4 an Exxon, a Tosco or a Marathon, for a small
5 independent like Frontier, achieving the proposed
6 limits even within the small refiner time
7 schedule will be a formidable task as we compete
8 for engineering, design firms, construction
9 contractors and the capital needed to fund the
10 refinery modification.

11 We have estimated the 2008 proposed
12 target of 30 part per million sulfur will cost
13 Frontier alone over 90 million additional dollars
14 to reach.

15 Obviously you must find ways to
16 reduce that amount if we are to survive beyond
17 2008. Even with the small business
18 accommodations, this rule will be hard, perhaps
19 unnecessarily hard, on many individual refineries
20 and on our industry.

21 Without the small business
22 accommodations that you have proposed, many small
23 refiners including Frontier are likely not to
24 survive beyond 2004. The continued viability of
25 the small private sector is dependent not only on

00234

1 Gerald Faudel, Frontier Oil
2 the promulgation of proposed smaller
3 accommodations but also on the successful
4 commercialization of new or cost-effective
5 desulfurization technologies coupled with the
6 very cautious and well-reasoned approach to
7 future regulatory burdens, such as additional
8 diesel desulfurization.

9 Although widespread failure of this
10 nation's small refineries might benefit some of
11 those of our competitors who have voiced their
12 opposition to the small business accommodations
13 we have proposed, the effects would be just the
14 opposite for the American consumer, as we have
15 recently seen in California.

16 It is often said that California is
17 the bellwether of our nation. Perhaps it is time
18 to look at the California condition as more of an
19 early warning system, as a harbinger of the fate
20 the rest of the nation is destined to suffer.

21 Senator Barbra Boxer of California
22 stated in a recent letter to FTC Chairman Robert
23 Pitofsky, quote: In the past four weeks,
24 gasoline prices have increased more than 50
25 percent in the Bay Area outlets. In other areas

00235

1 Gerald Faudel, Frontier Oil
2 of California, reports of 33 percent increases
3 are commonplace. While external events have
4 certainly contributed to these price increases, I
5 believe their effects have been magnified and
6 exaggerated by a lack of fair competition in the
7 California marketplace.

8 Senator Boxer goes on to say, quote:
9 Ensuring the survival of independent competition
10 to the big oil companies will help ensure that
11 prices do not rise unfairly.

12 Frontier believes that the small
13 business accommodations proposed in this Tier 2
14 rulemaking are designed to help ensure our
15 survival and will go far in protecting the rest
16 of the nation from some of the problems
17 California is experiencing as a result of the
18 demise of that state's small refining community.

19 I encourage you to hold fast to the
20 principles and responsibilities and finalize the
21 small business refiner accommodations as
22 proposed.

23 Thank you very much for your time.
24 And you are always welcome to visit us in
25 Cheyenne again whenever you wish.

00236

1 David M. Lang, M.D.

2 MS. OGE: Maybe after all of these
3 public hearings I will take you up on it.

4 But seriously, thank you for your
5 testimony. I think it is reassuring to hear from
6 someone that the process that we utilize under
7 small business flexibility did work in this
8 proposal. So that's reassuring.

9 Thank you.

10 I want -- I would like to thank all
11 of the panel members especially the moms and
12 dads, the rest of the moms and dads, especially
13 the ones that introduce themselves as a mom and
14 dad. I am a mom, also. Thank you for taking the
15 time, personal time, to be with us here today and
16 to share your views.

17 Thank you very much.

18 And I don't have any questions.

19 Do any of have you any questions?

20 I would like to called Dr. David
21 Lang.

22 MR. LANG: My name is Dr. David
23 Lang, and I am chief of the division of
24 allergy/immunology at Hahnemann University
25 Hospital. I am here in my capacity of president

00237

1 David M. Lang, M.D.
2 of the Pennsylvania Health and Management
3 Association, also the American Lung Association.
4 And I've also been invited by Penn PIRG and the
5 Clean Air Council.

6 I am pleased to have the opportunity
7 to address you this afternoon, and I am focusing
8 my comments to -- regarding asthma.

9 In recent years in urban America,
10 asthma has become more prevalent, more severe and
11 more deadly. With respect to asthma, the public
12 health importance of the atmosphere pollution has
13 been established by three types of studies:

14 Controlled group studies, which have
15 demonstrated that inhalation of major ambient
16 pollutants can produce asthma symptoms,
17 bronchospasm, tightness of the airways and can
18 promote airway inflammation in individuals with
19 asthma;

20 Number two, epidemiologic data that
21 demonstrated that large segments of the United
22 States' population continue to live in areas
23 which exceed current national ambient air quality
24 standards for major pollutants, particularly
25 ozone;

00238

1 David M. Lang, M.D.

2 And number three, epidemiologic
3 studies have shown that even without episodes of
4 extreme levels of ambient pollution, chronic
5 low-level exposures can be injurious for
6 asthmatics.

7 Environmental exposures to air
8 pollutants occur in combination with other
9 potentially asthmogenic factors, including
10 allergin exposures, viral limits and others.

11 The attacks at times have been
12 difficult to distinguish from the impact of a
13 single air pollutant; however, in considering the
14 bulk of current evidence, there is considerable
15 support for the interpretation that atmosphere,
16 pollutants do promote expiratory symptoms and can
17 cause substantial morbidity among asthmatic
18 persons.

19 It was noted in the publication that
20 appeared in 1961 that two of man's greatest
21 discoveries, fire and the wheel, have been
22 responsible for man-made air pollution.

23 Interestingly, this paper concluded
24 with the comment that the asthma attack rate,
25 which was significantly associated with levels of

1 David M. Lang, M.D.

2 the ambient sulfur dioxide, was approximately
3 seven times higher with asthmatic subjects with
4 more severe air flow obstructions, with more
5 severe asthma.

6 During recent decades, severe asthma
7 has become more prominent. And further
8 exacerbation of severe asthma can lead to fatal
9 asthma. Although the degree of our exposure to
10 atmosphere pollution, particularly major ambient
11 pollutants, has declined in recent decades,
12 levels of exposure that are clinically
13 significant for asthmatics continue to occur into
14 the 21st Century.

15 Further progress in producing levels
16 of atmospheric pollution needs to be achieved.
17 The overall favorable trend in air pollution
18 minimizes the importance of atmospheric pollution
19 as a cause for recent asthma trends; however,
20 population attributable risk estimates for asthma
21 have also changed in recent decades.

22 Population attributable risk is the
23 excess risk associated with the factor in the
24 population as a whole and depends upon the
25 product of the individual attributable risk; that

00240

1 David M. Lang, M.D.

2 is, the excess risk in the individuals with that
3 factor and the prevalence of the factor in the
4 population.

5 From this it follows that more cases
6 occur when large numbers of people are exposed to
7 a small risk than when small numbers of people
8 are exposed to a large risk. Because severe
9 asthma has become more common despite
10 improvements in air quality in recent decades,
11 the importance of atmospheric pollution for
12 asthma has increased.

13 For this reason, multidimensional
14 interventions to reverse trends in asthma are
15 currently being designed, and implementing must
16 include strategies in recent exposures to
17 atmospheric pollution.

18 I encourage you to renew your efforts
19 to establish redefined standards in major ambient
20 pollutants.

21 I thank you for your attention.

22 MS. OGE: Thank you. Thank you very
23 much.

24 I think we are going to give a break
25 to the court reporter who has worked so hard all

00241

1

David M. Lang, M.D.

2 day long.

3

(Brief recess.)

4

(This court reporter was excused at

5 3:45 p.m.)

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00242

1 Charles Freese - Detroit Diesel

2 - - -

3 (Evening session, 4:10 p.m.)

4 - - -

5 MS. OGE: We're looking for Mr. Charles
6 Freese, Mr. Mark Briscoe, Mr. Peter Iwanowicz, Mr.
7 David Masur, and Mr. Doug Greenhaus.

8 Welcome to this public hearing. We
9 would like to start Charles Freese.

10 MR. FREESE: Good afternoon, and thank
11 you for this opportunity to address you today. My
12 name is Charles Freese. I'm here representing
13 Detroit Diesel Corporation, DDC.

14 DDC is a global maker of diesel engines
15 between 50 and 10,000 horsepower and the world's
16 largest independent maker of automotive diesel
17 engines. We're here to recommend modification of
18 the EPA'S Tier 2 proposal and encourage EPA to adopt
19 the alternative framework proposed by the Alliance
20 of Automobile Manufactures, AAM. If EPA fails to
21 consider the AAM's recommendations and other key
22 points when finalizing the Tier 2 Rule, EPA may
23 eliminate diesel engines, the most realistic and
24 economically viable short-term solution for
25 improving light-duty vehicle fuel economy.

00243

1 Charles Freese - Detroit Diesel

2 Diesel engines offer up to a 60 percent
3 fuel economy improvement compared to gasoline
4 engines. This will provide up to a 30 percent
5 reduction in carbon dioxide emissions for primary
6 greenhouse gas. Eliminating light-duty diesel
7 powered engines fails to exploit the best available
8 technology to reduce vehicle carbon dioxide
9 emissions in the United States. This effect is most
10 significant in light trucks, SUVs, and van markets
11 which composed over 50 percent of the family
12 vehicles in the United States.

13 Today our comments will focus on three
14 primary areas of the Tier 2 proposal which we
15 believe will benefit from additional refinement.

16 One, Tier 2 emissions standards must be
17 accompanied by simultaneous fuel quality
18 improvements reducing diesel fuel sulfur levels to 0
19 to 5 PPM range.

20 Two, additional time must be allowed to
21 establish the fuel supply infrastructure to develop
22 high efficiency diesel systems and launch a new
23 generation of clean diesel powertrains in North
24 America.

25 Three, Tier 2 rules must included

00244

1 Charles Freese - Detroit Diesel
2 additional bin flexibility. This involves providing
3 greater bin resolutions and implementing the longer
4 120,000 mile emission standard.

5 I'll begin by addressing fuel quality.
6 Proposed Tier 2 standards must be accompanied by
7 improved diesel fuel quality. EPA is already
8 working to reduce gasoline fuel sulfur levels.
9 Diesel engines require similar fuel quality
10 improvements for many of the same reasons. Fuel
11 sulfur directly contributes to increased particulate
12 emissions from both gasoline and diesel engines.
13 Unlike many European countries where diesel fuel
14 sulfur levels are already held between 10 to 30 ppm,
15 North American diesel sulfur levels range from 300
16 to 500 ppm.

17 In addition, the contribution to its
18 particulate mass itself, sulfur poisons diesel
19 exhaust aftertreatment devices, quickly reducing
20 their efficiency. Fuel sulfur is a barrier for
21 identifying diesel exhaust aftertreatment
22 technologies. EPA successfully removed similar
23 obstacles for gasoline when it eliminated tetraethyl
24 lead to facilitate improved gasoline catalyst life.

25 DDC is actually building advanced

00245

1 Charles Freese - Detroit Diesel
2 aftertreatment devices in cooperation from our
3 government, the aptitude industry, and the
4 automotive industry pertinence. Early work has been
5 very promising.

6 Today we brought a diesel-powered SUV
7 with us which uses a new continuously regenerating
8 trap CRT system. This prototype device can remove
9 virtually all of the soot mass from the engine's
10 exhaust. However, fuel sulfur inhibits the chemical
11 reactions necessary to remove particulate matter.
12 The diesel engine and aptitude industries have
13 significant challenges ahead as we work to improve
14 CRT durability and efficiency while ensuring
15 effective regeneration over a broad range of
16 light-duty cycles.

17 We also tested advanced NOx reduction
18 systems like selective catalytic reduction. This is
19 to remove up to 90 percent of NOx, but the most
20 efficient systems lose effectiveness when it's
21 filled with sulfur. These systems require
22 considerable development before they will reach
23 production material.

24 2004 is the first year that for Tier 2
25 standards, just four years from now. The automotive

00246

1 Charles Freese - Detroit Diesel
2 development cycle usually requires three and four
3 years to kick off production launch of a new
4 powertrain. So 2004 is essentially tomorrow in the
5 automotive world. Such compressed timing
6 significantly complicates the already challenging
7 task of introducing the first modern diesel
8 powertrains into North America. Given the diesel's
9 important advantages, EPA's Tier 2 rule should
10 provide sufficient time for infrastructure and
11 product development to manufacture investment in
12 these programs. Issues like high technological
13 complexity and future fuel quality's uncertainty
14 that substantially risks automotive diesel
15 development programs.

16 DDC agrees with AAM's proposal to extend
17 the Tier 2 phase-in period. This accomplishes three
18 primary goals. One, it will provide fuel suppliers
19 additional time to implement an infrastructure which
20 supports 0 to 5 ppm sulfur fuel.

21 Two, it will provide engine, vehicle,
22 and aftertreatment makers necessary time to develop
23 and refine diesel powertrains to meet the proposed
24 emission standards.

25 Three, it will allow engine, vehicle,

00247

1 Charles Freese - Detroit Diesel
2 and aftertreatment makers time to establish a
3 production market from which to justify further
4 investments in the clean diesel technologies. This
5 is especially important considering the risk
6 involved in introducing new diesel engines into a
7 marketplace which was negatively influenced by
8 previous introduced diesel products.

9 The last main point which we would like
10 to address is the a need to build additional
11 flexibility into the bin structure and emissions
12 standards. The prior bin structure can produce the
13 same fleet average NOx as the current Tier 2
14 proposal. However, any additional bins will provide
15 the vehicle manufacturer more flexibility to meet
16 this average. Additionally, it will provide
17 manufacturers incentives to implement refinements
18 which result in small but meaningful emissions
19 reductions.

20 Finally, we recommend that EPA eliminate
21 the proposed 15,000 mile intermediate useful light
22 emissions standards and promulgate only the 120,000
23 mile light standards. This change will provide
24 manufacturers additional flexibility and provide
25 incentives to develop emissions control devices

00248

1 Charles Freese - Detroit Diesel
2 which do not deteriorate in use. This approach will
3 have the added benefit of eliminating unnecessary
4 certification tests and reducing development costs.
5 Ultimately, the savings will benefit consumers in
6 lower vehicle prices.

7 I would like to emphasize that
8 modernized heat direct injection diesel technology
9 is the only economically viable near-term solution
10 for reducing vehicle fuel consumption in the United
11 States while simultaneously reducing carbon dioxide
12 emissions. Diesel engines provide many other
13 consumer benefits often exceeding the capabilities
14 of their gasoline counterparts. Modern diesels are
15 not noisy or smoke-belching engines which many
16 recall from the 1970s. These new diesel engines
17 rival gasoline engines for the noise and vibration
18 refinement.

19 One of our full-sized SUVs developed a
20 vehicle that achieves over 30 miles per gallon on
21 the highway, while demonstrating over 22 miles per
22 gallon on a combined city highway sidewalk. Even
23 these development a stages, it is quiet, producing
24 gasoline-like sound quality. The demonstration
25 vehicle has no muffler. DDC replaced the muffler

00249

1 Charles Freese - Detroit Diesel
2 with a continuously regenerating trap system. This
3 powertrain produce colorless, orderly exhaust. The
4 diesel's highest torque provides better towing and
5 drivability characteristics than many larger
6 displacement gasoline engines.

7 As with gasoline engines, proposed Tier
8 2 standards remain a major development challenge for
9 the diesel engine. Diesel development engineers
10 must develop technologies which can meet new
11 particulate and NOx standards. However, it should
12 be noted that the proposed Tier 2 standards are
13 developed around gasoline engines. Diesel engines
14 emit much lower levels of certain critical issue
15 constituents compared to their gasoline
16 counterparts, producing 28 percent less carbon
17 dioxide, 30 percent lower non-methane, 69 percent
18 lower carbon monoxide, and virtually eliminating
19 evaporative emissions.

20 CO2 is a greenhouse gas which was
21 targeted for global reduction at the conference.
22 The only way to reduce carbon dioxide production in
23 heat engines is to reduce fuel consumption.

24 To show you what this diesel powertrain
25 is like, we brought a sport utility vehicle with us

00250

1 Charles Freese - Detroit Diesel
2 today. It is a Dodge Durango powered by a Detroit
3 Diesel delta 4.0 liter V6 engine. The vehicle is
4 available for viewing outside this building on the
5 northwest corner, out that corner, in front of the
6 Four Seasons Hotel.

7 In conclusion, a new clean diesel
8 technology depends upon rational approach to Tier 2
9 standards refinement. A successful Tier 2 strategy
10 must include, one, improved diesel fuel quality with
11 sulfur levels in the 0 to 5 PPM range; two,
12 sufficient time to bring high efficient clean diesel
13 vehicles, engines, and aftertreatment systems to the
14 marketplace with low sulfur fuel infrastructure to
15 support them; and three, additional bins and
16 increased flexibility in the structure of the Tier 2
17 rule. With these considerations diesel engine and
18 vehicle-makers can bring fuel efficient clean diesel
19 technologies to the United States consumers.

20 I welcome you to visit our display and
21 see these exciting new technologies for yourself.
22 Thank you very much.

23 MS. OGE: Thank you. Mr. Mark Briscoe.

24 MR. BRISCOE: Good afternoon. My name
25 is Mark Briscoe speaking on behalf of the Campaign

00251

1 Mark Briscoe - Campaign on Auto Pollution
2 on Auto Pollution, a non-profit grassroots education
3 network with approximately 500 environmental and
4 transportation activist organizations throughout the
5 country. CAP is located in Washington, D.C., where
6 we have the misfortune of being listed as Code Red
7 ground level ozone rate.

8 First, CAP would like to commend EPA for
9 proposing a strong set of Tier 2 standards which, if
10 enacted, will result in dramatic reductions in air
11 pollution and provide for a safer environment for
12 all Americans and children for the first two decades
13 in the 21st century. We particularly applaud EPA
14 proposed reduction of the sulfur content of
15 gasoline, though we ask this reduction also be
16 applied to diesels. Aerosol concentrations of 30
17 parts per million, cap 80 parts per million are
18 necessary for advanced pollution-fighting auto
19 technologies.

20 Public opinion surveys by the American
21 Lung Association indicate that more than 80 percent
22 of Americans would be willing to pay 2 cents more
23 per gallon of sulfur-reduced gasoline if it resulted
24 in less air pollution than the high-polluting
25 gasoline now on the market. A majority of those

00252

1 Mark Briscoe - Campaign on Auto Pollution
2 polled would pay up to 5 cents.

3 It is crucial that low sulfur gasoline
4 be mandated nationwide. Americans are not
5 stationary people. We travel from region to region
6 around our country, often by automobile. Therefore,
7 establishing high-sulfur and low-sulfur zones will
8 not work, especially because high-sulfur gasoline,
9 it's not known how its immediate increases in
10 emissions can permanently damage advanced pollution
11 control systems. For this reason, also the timing
12 of requiring low sulfur gasoline is critical.
13 Retailers must be selling low sulfur gasoline
14 nationwide prior to 2004 when the first Tier 2
15 compliance vehicles hit the roads. It makes no
16 sense to provide American consumers with
17 low-emission vehicle systems affecting the reduction
18 of pollution are immediately poisoned by the fuel.

19 Secondly, CAP strongly supports EPA's
20 decision to subject small and mid-size light trucks,
21 including sport utility vehicles and minivans, to
22 the same emission standards as cars. These vehicles
23 now account from nearly 50 percent of all new car
24 sales and is the primary source of family
25 transportation for many Americans. Technology

00253

1 Mark Briscoe - Campaign on Auto Pollution
2 already exists to make SUVs, minivans, and light
3 trucks as clean as other passenger cars. And 90
4 percent of those of us feel that all new vehicles
5 should meet the same emissions standards.

6 While CAP is pleased that EPA has a
7 pollution break given by trucks under the current
8 standards, we take strong exception to the loophole
9 carved out in the Tier 2 proposal for the largest
10 catalyst light trucks. These vehicles include the
11 Chevy Suburban, Jeep Yukon, and Landover Range Rover
12 by the early segment of the new car market.
13 Automakers argue tremendous profit margins from the
14 sales of these high-polluting low gas milage
15 vehicles. Allowing these vehicles to produce higher
16 levels than other cars and light trucks until the
17 year 2009 essentially is a federal incentive for
18 automakers to make more of these monster trucks.
19 Incentives for production of electric hybrid fuel
20 celled vehicles I can understand, but not to
21 manufacture of gasoline powered vehicles with 12 to
22 15 miles per gallon. All SUVs, minivans, and other
23 light trucks must be required to meet the same
24 strict provision standards as cars in the year 2004.
25 This brings me to another loophole in

00254

1 Mark Briscoe - Campaign on Auto Pollution
2 the Tier 2 proposal. The highest bins permit cars
3 to emit far too much nitrogen oxide and particulate
4 matter. CAP strongly opposes these exceptions to
5 promote diesel-fueled SUVs and other vehicles. We
6 have grave concerns about the impact of diesel fumes
7 on the environment and particularly on human health.
8 Research indicates that these particles are highly
9 toxic and likely carcinogens. We feel that
10 encouraging the introduction of more of diesels
11 emitting high levels of NOx particulate matter and
12 will reduce fleet fuel efficiency averages is not a
13 wise trade-off. We have nothing against diesel, per
14 se. If automakers can produce diesel engines able
15 to meet the lower NOx in particulate matter
16 emissions gas-powered vehicles, we encourage them to
17 do so. Until that time, however, EPA should not
18 provide a dirty vehicle break.

19 Now, I'd like to say a few words about
20 what the Tier 2 proposal ignores. American
21 automakers have proven to be their own worse critic.
22 Since passage of the Clean Air Act, they've
23 consistently complained that they would never be
24 able to meet various emissions standards, yet they
25 have consistently done so, and they will surely meet

00255

1 Mark Briscoe - Campaign on Auto Pollution
2 the proposed Tier 2 standards. Once they do,
3 technological advancements will not suddenly grind
4 to a halt. There's no reason that tighter standards
5 should not come to force as even less polluting
6 technologies come into existence. The Tier 2
7 proposal should do more to allow for the
8 implementation of tighter standards beyond those
9 currently under consideration.

10 Finally, I'd like to point out that here
11 on the east coast we're in the midst of our first
12 real heat wave of the season. Last year was the
13 hottest on record worldwide. Indications are that
14 the future will bring additional dangerously hot
15 days and more extreme weather events. It's time to
16 get serious about global warming. The
17 transportation sector contributes more than 30
18 percent of fossil fuel related emissions and
19 greenhouse gases, including CO2. A typical new car
20 creates seven and a half tons of CO2 in a year while
21 light trucks produce more than 10 tons. CAP
22 believes that any set of standards purporting to
23 address automobile emissions is incomplete if it
24 fails to account for CO2. EPA's incorporate
25 standards into the final Tier 2 regulations will

00256

1 Mark Briscoe - Campaign on Auto Pollution
2 combat global warming by reducing the amount of CO2
3 pollution created by cars and light-duty trucks.

4 Again, I would like to thank EPA for
5 proposing a generally strong Tier 2 rule. I also
6 thank you for giving me this opportunity to testify
7 in this forum on behalf of the Campaign on Auto
8 Pollution.

9 There's something very intimidating
10 about Tier 2 because of the complex technological
11 language and concepts. At CAP our biggest challenge
12 is grassroots educational network and convincing
13 people how important this is and explaining to them
14 what it means in words that they can understand. In
15 end, however, it all boils down to one thing:
16 Strength of the Tier 2 rule largely determines the
17 cleanliness of our air for the beginning of the next
18 century. The quality of the air we breath has a
19 huge bearing on the health and quality of life for
20 every American.

21 In closing, I simply ask the EPA to
22 enact, as strongly as possible, Tier 2 rule. Thank
23 you.

24 MS. OGE: Mr. Briscoe, thank you for
25 your testimony.

00257

1 Peter Iwanowicz - American Lung Association
2 The next person to testify is Peter
3 Iwanowicz. Would you please state your organization
4 that you are representing today.

5 MR. IWANOWICZ: My name is Peter
6 Iwanowicz, and I'm the Director for Environmental
7 Health for the American Lung Association of New York
8 State. On behalf of our volunteer board of
9 directors, I am pleased to offer comments on EPA's
10 Tier 2 motor vehicle standards and the low sulfur
11 gasoline rule proposal.

12 The American Lung Association of New
13 York State will be submitting more detailed comments
14 to the docket by the August 2nd deadline, but we are
15 taking this opportunity to point out areas of the
16 proposal that we support and areas that we believe
17 should be strengthened. Our comments today are
18 meant to complement those given previously by Blake
19 Early who is with the National American Lung
20 Association office, and also to provide with the
21 respect from a California LEV state.

22 Before getting into the details of our
23 comments, we first want to applaud EPA's efforts
24 that led to such a strong proposal. If adopted, the
25 proposal will clearly improve public help. Despite

00258

1 Peter Iwanowicz - American Lung Association
2 the advances made in controlling tailpipe emissions,
3 additional improvements in the form of mobile source
4 polluting reductions are still needed. In New York
5 State, smog is a problem that affects residents from
6 Niagara Falls to the eastern tip of Long Island,
7 from the forever wild Adirondack Mountains to
8 Midtown Manhattan. New York State has the dubious
9 distinction of having some of the most unhealthful
10 air to breathe in the nation. Only Los Angeles and
11 Houston residents breathe worse air. The mere act of
12 breathing puts the over 1 million New Yorkers with
13 asthma at risk for severe health complications. It
14 can diminish the quality of life for others with
15 lung disease as well as young children, the elderly,
16 and those working or exercising outdoors. New York
17 City's air quality is so poor that it violates
18 federal health standards for smog, soot, carbon
19 dioxide, all forms of combustion of fossil fuels.
20 Air in other metropolitan areas of the state
21 routinely exceeds the new smog standards as well.
22 Smog is by far the most pervasive
23 problem in New York State. Last summer there were
24 over 150 violations of the health standards of smog,
25 more than two-thirds of which were reported outside

00259

1 Peter Iwanowicz - American Lung Association
2 of New York City. The current ozone seems to be
3 shaping up no better. The state has been issuing
4 health advisors since Friday of Memorial Day
5 weekend. Preliminary data indicate that the levels
6 of ozone have been above the one hour standard, 12
7 to 8 hour standard in some areas. Areas like
8 Buffalo, areas just to the east of the Lake Ontario
9 region of the Adirondacks all have recorded levels
10 above the .08 standard per 8 hour average this
11 summer.

12 Mobile source pollution controls require
13 broad public support because any strategy will
14 involve millions of individual sources. Despite the
15 difficulties, reducing pollution from this sector is
16 critically important to the State's ability to
17 protect public health. As you well know, mobile
18 source emissions in New York account for up to half
19 the emissions that cause smog.

20 In the past, aggressive reduction
21 strategies were needed just to keep pace with the
22 growing vehicle populations in miles traveled. Now
23 with light-duty trucks representing over half of all
24 new passenger vehicles sold, we need a program that
25 not only treats those vehicles in terms emissions

00260

1 Peter Iwanowicz - American Lung Association
2 like the family sedan they're replacing, but
3 continue to apply pressure on the automakers to
4 developed advanced technology vehicles.

5 Since new registrations for passenger
6 vehicles registered in New York State climbed by
7 more than 700,000 in between 1996 and 1997, we can
8 assume that half of that increase were these highly
9 polluting light-duty vehicles, 350,000. These are
10 legally allowed to pollute 3 to 5 times more than a
11 typical car. You can see why we need Tier 2
12 standards, and even more.

13 Comments on the proposal. We'd like to
14 talk about the Tier 2 proposal on the issues that we
15 like. First, it requires new cars and light trucks
16 to emit 80 percent less smog created pollution. It
17 sets the same standards for cars and light trucks
18 albeit slower for SUVs and minivans. It has been
19 fuel neutrality for cars and light trucks, no
20 special breaks for diesel engines. It dramatically
21 reduces the levels of sulfur in gas nationwide,
22 guaranteeing significant reductions from cars
23 meeting either the Tier 2 standards or the
24 California LEV 2 standards.

25 We've identified key areas that we think

00261

1 Peter Iwanowicz - American Lung Association
2 EPA should strengthen to make Tier 2 even more
3 protective of public health. They are as follows:
4 First, all vehicles must play by the same rules.
5 The relaxed time frame for requiring all light-duty
6 trucks to meet the same standards as cars is
7 problematic. Sales and registration data is now
8 confirming what we have all witnessed; light-duty
9 trucks have increased from 15 percent to 50 percent
10 in the new passenger vehicle market. Since they can
11 legally emit so much more than cars, we need an
12 aggressive plan to make sure they play by the same
13 rules. If this loophole had never existed, it would
14 have been equivalent to 40 million cars off the
15 road, five times as what was sold last year. The
16 EPA proposal does not bring emissions of some of the
17 largest trucks into line with cars until 2009. The
18 California Air Resources Board engineers have
19 demonstrated that technology is here today to meet
20 the tougher standards affordably. So the question
21 is now a matter of whether or not the auto industry
22 will spend \$200 of the \$15,000 per vehicle profit
23 they reach in selling SUVs models to clean them up.
24 The second issue we would like to see
25 strengthen is the issue of bins. Tier 2 left an

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1 Peter Iwanowicz - American Lung Association
2 expansive number of bins that leaves the door open
3 for automakers to produce diesel models despite a
4 fairly stringent NOx fleet average. There are
5 reports that these will create a particular interest
6 in developing diesel power versions of cars and
7 trucks that currently operate on gas. It seems they
8 are attracted to diesel as a means of increasing
9 fuel efficiency in large vehicles. Since diesel
10 exhaust particles have been listed as toxic air
11 pollutants by CARB, and a problem with human
12 carcinogens by the International Agency for Research
13 in Cancer, and since the health effects of
14 ultra-fine particles are under increasing study, we
15 find the flexibility in the bins that fosters this
16 trend disturbing.

17 In conclusion, I'd like to offer a
18 thought on why we need to create a strong as
19 possible program. In the late eighties, the Dutch
20 embarked on ambitious plan, their national
21 environmental policy plan. It is intended to
22 achieve a healthy environment within one generation.
23 The central theme that has brought all parties to
24 the table in the middle to work cooperatively
25 towards this goal was the desire to take actions

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1 Peter Iwanowicz - American Lung Association
2 that could justify to their children. As we sit
3 here today, we must consider creating a diesel
4 pollution reduction and clean fuel programs that we
5 all feel comfortable explaining to our children. If
6 we can't justify our actions on Tier 2 to our kids,
7 then we have failed in our responsibility to them.
8 This issue really hit home for me personally as I
9 was feeding my six-month-old daughter breakfast this
10 morning and contemplating traveling down from
11 Albany, New York to Philadelphia today, and I really
12 want to look her in the eyes 20 years from now and
13 explain why we all came together today and why we
14 all made the decision in the next few months of what
15 the Tier 2 program should look like.

16 Finally, the Tier 2 proposal should do
17 nothing to restrict states' rights under the Clean
18 Air Act to adopt California's Low Emission Vehicle
19 program, preserving the key right to allow for state
20 decision-makers to adopt a program they would like
21 to justify to their kids.

22 Before just saying a final thank you,
23 I'd like to address an issue that was brought up
24 earlier by some of the oil industry and
25 representatives -- well, the D.C. Circuit case. The

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1 Peter Baur - Pennsylvania Automotive Assoc.
2 oil industry comments that there are technical
3 issues related to Tier 2 as a result of the D.C.
4 Circuit's decision. Tier 2 is not about technical
5 issues or legal needs; it's about health. The
6 congressional mandates that set forth in the Tier 2
7 program, why we're all here today, as I understand
8 it, was required for two issues. EPA had to prove
9 first that new fuel and new car standards were
10 needed to protect public health and that they do so
11 cost effectively. That's all it says. The Tier 2
12 program is clearly going to protect public health
13 and it's clearly something that could remain and
14 attained cost effectively, and that's what we all
15 should be discussing today. Thank you for the
16 opportunity.

17 MS. OGE: Thank you. Thank you very
18 much. Mr. Peter Baur.

19 MR. BAUR: Good afternoon. My name is
20 Peter. I'm with Pennsylvania Automotive
21 Association. I'm here today on behalf PAA, the
22 Pennsylvania Automotive Association, and NADA
23 National Automobile Dealers Association.

24 NADA is a national trade association
25 that represents almost 20,000 franchised automobile

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1 Peter Baur - Pennsylvania Automotive Assoc.
2 and truck dealers. They engage in the sale of new
3 and used vehicles and also service repair and auto
4 parts for sale for those vehicles. Dealers
5 nationally employ an excess of 1 million people, yet
6 80 percent of the dealerships across the country are
7 defined by the SBA as a small business.

8 Pennsylvania Automotive Association is
9 the state association that represents almost 1300
10 new car and truck dealers here in the State of
11 Pennsylvania.

12 The purpose today for NADA and PAA is
13 to address the EPA Tier 2 emissions and low sulfur
14 fuel proposals. PAA and NADA endorsed the tighter
15 emission standards if appropriately enabled by low
16 sulfur fuels, if these costs components can be
17 effectively created and achieved by manufacturers,
18 and they do not have a negative impact on vehicle or
19 powertrain availability.

20 Some of the benefits that NADA and PAA
21 see in the Tier 2 low sulfur fuel proposal include,
22 first, the significant contribution that the Tier 2
23 proposal will enable the national ambient air
24 quality standards to be met. Essentially, the EPA
25 proposal recognizes the important role that Tier 2

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1 Peter Baur - Pennsylvania Automotive Assoc.
2 low sulfur fuel standards will play in the OTR as
3 well as Pennsylvania and across the country will add
4 up in complying with the air quality standards.

5 Appropriate Tier 2 and low sulfur fuel
6 program will help get non-attainment areas into
7 compliance and have attainment areas that remain in
8 compliance.

9 The second benefit of the Tier 2
10 proposal is a national component, the national
11 nature of the program. Like the NLEV program that's
12 being implemented nationally, Tier 2 and the low
13 sulfur fuel will be at least a 49-state program.
14 Dealers naturally will avoid the burden and the
15 experience to ensure that vehicles that they're
16 offering for sale are going to be introduced into
17 the stream of commerce into the right areas with
18 less hassle. As Peter mentioned about being from
19 New York State and California, Pennsylvania dealers
20 have quite an effort in some occasions to make sure
21 they get the right vehicles for their customers that
22 cross the state lines from New York into
23 Pennsylvania to get them the vehicles that they
24 need. Again, like the program will be addressing
25 that, and I certainly think that the Tier 2 program

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1 Peter Baur - Pennsylvania Automotive Assoc.
2 will add to that component of simplicity that the
3 dealers are being marketed.

4 The third benefit with regard to
5 implementing the Tier 2 proposal is the potential
6 for a reduced need to regulate other emissions
7 sources that dealers engage in. The Tier 2 low
8 sulfur fuel program could help reduce the need to
9 regulate other emissions sources that could include
10 a reduction in programs such as vehicle tailpipe
11 testing, especially in light of on-board diagnostics
12 coming forward and getting some better credibility
13 in the coming years. Additionally, the mobile
14 source emissions reductions for the Tier 2 and low
15 sulfur program will potentially add less need to
16 impose more controls on dealership activities such
17 as body shops and other activities involved in the
18 service departments.

19 With regard to some of the concerns that
20 we have today regarding the Tier 2 low sulfur fuel
21 proposal, they comprise primarily of three
22 categories. The first is drivability and
23 performance of vehicles, the second is vehicle cost,
24 and the third is vehicle and powertrain
25 availability. These concerns need to be addressed

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1 Peter Baur - Pennsylvania Automotive Assoc.
2 by the EPA as they develop their Tier 2 low sulfur
3 fuel proposal.

4 The first concern deals with the new
5 standards and the fact that they must not result in
6 reduced vehicle drivability and performance.
7 Dealers all too well remember the seventies and the
8 early eighties where drivability and performance
9 were the end result of the emissions programs that
10 were implemented at that time. Not only did dealers
11 have drivability and performance problems, they also
12 had irate customers who were disappointed in the
13 fact that they spent a lot of money on their vehicle
14 and it didn't perform as they expected. The
15 secondary result of those irate customers was that
16 there were a lot of unsold vehicles left in dealer
17 lots because these vehicles did not perform as they
18 expected. It was also a result that these vehicles
19 left behind emissions benefits because people were
20 not interested in buying vehicles that did not
21 perform to the standards they were expecting.

22 Down this same line as we look forward
23 to the future, the manufacturers that are going to
24 produce the cars that the dealers around the country
25 are going sell, are going to need time and

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1 Peter Baur - Pennsylvania Automotive Assoc.
2 flexibility to design and produce vehicles that
3 resolve any potential drivability and performance
4 problems as well as meeting the expectations of what
5 the market wants in their vehicles. This is
6 especially true as we look at the light-duty trucks,
7 the pickups, the vans, and multi-passenger vehicles
8 because these new stringent standards that are being
9 proposed are going to require some extra work and
10 some extra technological experimentation to get the
11 vehicles right to allow them to do what the market
12 expects and to perform as the people are expecting
13 when they purchase those vehicles.

14 The second concern that we have with the
15 Tier 2 proposal surrounds vehicle cost. If the Tier
16 2 compliance costs are excessive, the new vehicles
17 will not sell. Consumers will continue to drive the
18 older, less efficient emission polluting vehicles
19 that out there today versus the new models that are
20 on the showroom floor. EPA should certainly be
21 incentivized in fleet turnover and not inhibit the
22 new vehicles from entering the marketplace. EPA's
23 Tier 2 standards, where possible, to be as
24 consistent as possible with California to help
25 contain costs.

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1 Peter Baur - Pennsylvania Automotive Assoc.

2 The final concern that's out there with
3 regard to the Tier 2 proposal is a concern as to not
4 to restrict the vehicle or powertrain availability.
5 This is primarily to avoid slowing the fleet
6 turnover concerns. Secondly, in terms of not
7 restricting the vehicle or powertrain availability,
8 the EPA needs to give the manufacturers, again, that
9 flexibility and that lead time to help bring
10 developed products to market.

11 Why people today have elected to drive
12 SUVs and minivans and such things around as the
13 vehicles that they elect to drive and to buy is
14 beyond our dealers' understanding, but it's what the
15 people want and it's what they're demanding, so
16 that's what we sell. From that perspective, again,
17 the light-duty trucks are encompassing at least 50
18 percent of the market and are projected to grow.
19 With this and diesel-powered vehicles gaining a
20 foothold as they have become better in the
21 marketplace, as Detroit Diesel has explained, I
22 think that you'll see that diesel- powered vehicles
23 and light-duty trucks are going to continue to be
24 part of the marketplace for whatever reason people
25 desire to have those. I think the important thing

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1 Peter Baur - Pennsylvania Automotive Assoc.
2 in terms of restricting vehicles and powertrain
3 availability concerns is to recognize that the
4 average person and their use of the vehicle should
5 not hinder those who buy these vehicles for
6 commercial purposes and specific purposes for which
7 they're designed in terms of hauling, traveling, and
8 moving heavy objects such as trailers, boats, and
9 recreational vehicles.

10 Another concern that we have with regard
11 to the proposal that's out there today regards to
12 the low sulfur fuels. With regard to that, the Tier
13 2 success hinges on the low sulfur fuel being
14 available nationally. Sulfur averages and caps
15 necessary to enable Tier 2 emissions technologies to
16 work efficiently are going to be needed. High
17 quality fuels to avoid fuel-related problems in
18 on-board diagnostic systems and these advanced
19 emission systems that will be out there and to keep
20 them from failing is also going to be something
21 that's going to need to be addressed. The dealers
22 have made a large investment in tools, trainings,
23 and parts to service vehicles with on-board
24 diagnostics and these advanced emissions controls.
25 At this point in time and we cannot undermine the

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1 Peter Baur - Pennsylvania Automotive Assoc.
2 public acceptance of on-board diagnostics and the
3 potential Tier 2 program because fuel quality is not
4 consistent with what will be needed to effectuate
5 emissions control.

6 In conclusion, on behalf of NADA and
7 PAA, I'd like to thank the EPA for allowing us the
8 opportunity to present our comments today, and I'd
9 be happy to answer any questions that you may have.

10 MS. OGE: Thank you. I had a question
11 for the first speaker. You did mention having an
12 available diesel car somewhere close by here. Could
13 you tell us a little about this vehicle, what type
14 of emissions numbers? Are we talking about any
15 specific aftertreatment technology that will make it
16 interesting to us, the EPA, anyway.

17 MR. FREESE: Right now the vehicle is a
18 production-type diesel powered SUV. The engine is
19 not production-type, but the vehicle itself is a
20 standard production large size SUV. On the vehicle
21 we have only a CRT system. It's a continuously
22 regenerating trap system which is very effective at
23 eliminating the particulate matter from the exhaust.
24 It needs to be coupled with some further
25 developments in the engine and also some

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1 David Masur - Penn PIRG

2 aftertreatment. If you're trying to target Tier 2
3 standards, further aftertreatment development is
4 required to meet the NOx requirements. But the
5 engine and the vehicle are very acceptable from the
6 standpoint of customer acceptance.

7 MS. OGE: So the vehicle that you have
8 close by doesn't have aftertreatment technology that
9 could meet the Tier 2 standards?

10 MR. FREESE: Today it's not at Tier 2
11 standards.

12 MS. OGE: But you hope to do so.

13 MR. FREESE: We hope to do so in time.

14 MS. OGE: I need to apologize. I went
15 directly to ask questions and was interested in
16 hearing about the diesel vehicle, and I didn't ask
17 speaker David Masur to give us his testimony.

18 MR. MASUR: Thank you. Good afternoon.
19 My name is David Masur. I'm the Field Director for
20 Penn PIRG, the Pennsylvania Public Interest Research
21 Group. Penn PIRG is a statewide non-profit,
22 non-partisan public interest advocacy organization
23 with over 10,000 citizen members across
24 Pennsylvania. Thank you for the opportunity to
25 speak today on this important and very timely issue.

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1 David Masur - Penn PIRG

2 We are here today because air pollution
3 is causing a public health crisis in the United
4 States. Scientists estimate that 40,000 Americans
5 die prematurely each year due to poor air quality,
6 and asthma rates among children are 75 percent in
7 last the 20 years. There are 650,000 asthma
8 sufferers currently living in Pennsylvania. And
9 last summer there were 47 smog alert days in the
10 State. The problem is particularly severe here in
11 Philadelphia where we have the fourth worst air
12 quality in the nation. Automobiles are a primary
13 cause of smog-forming air pollution, and the growing
14 number the cars and dirty SUVs is forcing already
15 high air pollution levels out of control. Today
16 SUVs are allowed to emit three times more pollution
17 than cars emit. And today they are used for the
18 same purposes as passenger automobiles. This deadly
19 SUV loophole should be closed immediately.

20 At Penn PIRG we run the citizen outreach
21 operation where we have talked to over 13,000
22 Pennsylvanians so far this summer. I can tell you
23 from a personal experience that people in the state
24 want strong public health protection and they want
25 cleaner air. I've talked to parents who are

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1 David Masur - Penn PIRG
2 sickened by the fact that their asthmatic children
3 can't play outside on smoggy summer days. I've
4 listened to pediatricians who tell me about their
5 increased asthma case loads. And I've heard
6 teachers' real world experiences confirm the fact
7 that asthma is now the number one cause for children
8 missing school. Just yesterday school districts in
9 Philadelphia closed earlier because of smog alerts
10 in the city.

11 Through all of those conversations,
12 we've gathered over 25,000 postcards, some of which
13 were delivered earlier today. We've signed on a
14 coalition of 80 even environmental public health and
15 religious organizations to demonstrate that people
16 who know about air pollution from a daily experience
17 want changes now.

18 We believe that the EPA's proposal is a
19 big step in the right direction. Under the EPA's
20 proposed rule, the average car will be nearly 90
21 percent less polluting than the average car made
22 today. In addition, certain smaller light trucks
23 and SUVs would be included in the clean car program,
24 and the sulfur content in gasoline would be 90
25 percent lower nationwide. The program will be

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1 David Masur - Penn PIRG

2 phased in starting in 2004. However, we urge that
3 EPA to strengthen the proposal before it is adopted
4 in the following ways:

5 First, the EPA's proposal gives larger
6 SUVs until 2009 before having to meet clean air
7 standards, does not require the biggest and dirtiest
8 SUVs like the new Ford Excursion to meet the new
9 standards at all. In effect, the EPA is encouraging
10 car makers to produce bigger and bigger SUVs as was
11 mentioned earlier today.

12 In addition, the proposal includes a
13 special provision allowing more polluting diesel
14 vehicles to proliferate and that's increasing the
15 emissions of cancer-causing vehicle exhaust. It is
16 unacceptable for the EPA to encourage the emissions
17 of more carcinogens.

18 Finally, the EPA's proposal should do
19 more to ensure that advanced technology vehicles
20 such as electric and fuel cell powered cars to
21 become more widely available.

22 We ask that President Clinton and the
23 EPA do not bow to pressure from special interests
24 who are spending millions of dollars in the effort
25 to preserve their permit to pollute the air and

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1 Mary Jane Fullam - Penn PIRG
2 endanger the lives of the American public.

3 We ask that you do not ignore the voice
4 of the public who have come out on this issue and at
5 that public hearing to demonstrate that they want
6 cleaner air and they want clear air now.

7 Again, thank you for the opportunity to
8 speak today about this important issue. And I can
9 take any questions.

10 MS. OGE: Thank you. Any questions?

11 I'd like to thank each one of you for
12 taking the time to come this afternoon. I'm glad
13 that today is better than yesterday for those that
14 drove all the way from New York, New Jersey, were
15 able to breathe cleaner air and share with us your
16 views. Thank you very much.

17 Before we go to the next panel, I would
18 like to call on three individuals that would like to
19 testify. Mary Jane Fullam and also Heidi Weaver.

20 MS. FULLAM: Good evening. My name is
21 Mary Jane Fullam. The I'm a member of the
22 Pennsylvania Public Interest Research Group whose
23 presenter just made statement about what the group
24 does, and I'm also a teacher here in the
25 Philadelphia School District. I came here on public

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1 Mary Jane Fullam - Penn PIRG
2 transit. I'm a person who tries to put into
3 practice the beliefs that I came to espouse today.
4 I would like to see us concentrate our
5 efforts by -- or concentrate on good air pollution
6 standards nationwide. One of the problems I think
7 we have in Pennsylvania is that if you live in an
8 urban area you have the different auto inspections
9 than you if you live in a more rural area. You
10 know, as well as I, that many suburbanites come in
11 and pollute our city here in Philadelphia. And yet
12 I as city resident have to pay \$50 to have my car
13 inspected when somebody who lives north, say in
14 Bucks County, comes in and pollutes the city, the
15 air I'm breathing, and pays a lesser -- has a less
16 stiff inspection system for auto emissions. I think
17 that is blatantly unconstitutional.
18 I would like to see some tax incentives
19 for people who use public transit, for people who do
20 buy automobiles that are pollution efficient or air
21 efficient, whatever you want to say. And I would
22 also encourage the development of electric cars.
23 I'd like to see tax incentives for people who
24 research and who actually buy -- I'd love to buy
25 one; if I ever buy a new car, it's going to be an

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1 Heidi Weaver

2 electric vehicle.

3 I'd also like to see tax incentives for
4 people who use public transit. And I'd like to see
5 tax disincentives for these SUVs and for other kinds
6 of vehicles, large trucks that are barreling along
7 and polluting the air that we breathe.

8 As a teacher, I can vouch for the
9 presenter before me today, we do have high incidents
10 in the City of Philadelphia absenteeism due to
11 asthmatic conditions of children, and I think it's a
12 tragedy. There's other causes for asthma besides
13 air pollution, roach dust, other kinds of things
14 that the city's children have to face. But I do
15 think it is criminal to allow big oil and big auto
16 who have big muscles to continue to delay and
17 diffuse our efforts to clean up the air here in the
18 nation. Thank you.

19 MS. OGE: Thank you.

20 MS. WEAVER: Hi, my name Heidi Weaver,
21 and I'm here a resident of Philadelphia; I've been
22 here for three years, and a former resident of Ohio.
23 I just want to share a short story of my childhood
24 with you. When I was 12 years old, my mother was 52
25 and she developed asthma. She laid in bed for about

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1 Heidi Weaver

2 three weeks with what she thought was a chest cold
3 or what she thought was the flu, and it turned out
4 at the end of those three weeks she had a severe
5 asthma attack, ended up in the emergency room, and
6 almost died of a cardiac arrest as a result of the
7 asthma attack.

8 I firmly believe that we need to clean
9 up our air. And every time I walk around in the
10 city and I'm having problems breathing -- I don't
11 asthma myself, but I can smell the exhaust, I can
12 feel the heat of the ozone depleting, and I would
13 just like it a lot more if I could breathe a little
14 bit easier, especially in the city. And I would
15 like my mother to be able to live on to be able to
16 see my children grow up when I have them and enjoy
17 clean air quality.

18 Also, if it only costs one to \$200 more
19 per new car and it's only 2 to 5 cents more per
20 gallon for gas, I don't think you can really compare
21 that to the aspect of human life.

22 Also, my parents have occurred serious
23 medical expenses that put them into debt probably
24 for the rest of their lives. And also to compare
25 one to \$200 more per car or 2 to 5 cents for

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1 Janice Milburn

2 gasoline is no comparison to the amount of money
3 they've had to spend and probably -- I don't have
4 exact specifics, but probably the amount of money
5 that asthma sufferers or people with diseases of the
6 lungs have had to spend traveling time and time
7 again to the emergency room.

8 And thank you for giving me a chance to
9 share a story about my mother today.

10 MS. OGE: And thank you. Thank both of
11 you for taking the time to come and share your views
12 about this very important problem. Thank you very
13 much.

14 Our next panel, Mr. John Guinan, Ms.
15 Julie McGreevy, Mr. Hadden Smith, and Ms. Janice
16 Milburn.

17 MR. PASSAVANT: Mr. Smith, are you here?
18 I've got his testimony, so he must be here.

19 MS. OGE: Could you please state your
20 name?

21 MS. MILBURN: Janice Milburn.

22 MS. OGE: Ms. Milburn, why don't we
23 start with you and then hopefully -- we're a little
24 bit early, but the panel will come.

25 MS. MILBURN: I am Janice Milburn from

1 Janice Milburn

2 Ligonier, Pennsylvania. I've participated in and
3 donated to many organizations that work for clean
4 air; parents of children with asthma, the American
5 Lung Association, the Air Quality PTA. But I'm here
6 today as a parent, a mother of two lovely daughters
7 who have asthma. You will hear today regarding the
8 technical aspect of more stringent standards for
9 vehicles, but I'm here to remind you of the human
10 element. Air pollution directly affects the daily
11 lives of literally millions of asthmatic children in
12 the United States. Asthma is on the rise and the
13 increase is astounding, 118 percent the first two
14 years hundred between 1980 and 1993. Rates of
15 childhood asthma has inclined much too rapidly to be
16 explained by genetics alone. Dust mites, molds,
17 pollens are all aggravators of asthma, but they have
18 always been present in our environment.

19 Many physicians and researchers are
20 pointing to air pollution is the culprit because we
21 know that air pollution affects lung function.
22 Ozone has dilatory effects on the lungs and nitrogen
23 oxide from vehicles contributes to ozone.

24 On high ozone days hospital admissions
25 and emergency room visits for respiratory problems

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1 Janice Milburn

2 is doubled. Pittsburgh pomologist Dr. George
3 Heimy (ph) said it in a Pittsburg Gazette article
4 that his patient load rose 20 to 30 percent as smog
5 levels peaked in the hot weather of July and August
6 in Pittsburgh. He stated that many of his patients
7 with respiratory illnesses who are normally stable
8 had to rush to emergency rooms because of breathing
9 problems due to smog.

10 A study published in 1997 found that
11 when children with asthma who played outside on
12 highly polluted days, they were 40 percent more
13 likely to suffer asthma attacks than on a normal
14 day.

15 Repeated ozone exposure causes
16 structural damage to the lungs, including scarring
17 and loss of lung tissue. Even moderate amounts of
18 ozone can aggravate respiratory problems prompting
19 asthma and bronchitis attacks. Children are more
20 vulnerable than adults to the effects of ozone
21 because they haven't completely developed lungs,
22 their tendency for mouth-breathing, and more their
23 more rapid respiration rates.

24 In a national survey on asthma, numerous
25 factors were rated by asthma patients as to their

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1 Janice Milburn

2 effect on triggering their asthma. Air pollution
3 was ranked as the second most aggravating factor,
4 exceeded only by cigarette smoke. Pollens, dander,
5 viruses, dampness and other factors were rated as
6 less aggravating than pollution by asthmatics.
7 Asthma takes its toll in many ways. School days
8 missed, it's the leading cause of school absences,
9 10 million days missed annually which cost us \$726
10 billion. Medical costs, \$3.2 billion to treat
11 asthma in children under the age of 18, and
12 emotional, social, and physical stress to the child
13 and their families. Asthma is one of the nation's
14 most common and expensive health problems. It
15 accounts for 1 out of every 9 visits to physicians.

16 My daughters are only 2 of more than
17 5 billion children in this nation with asthma. Not
18 only are the numbers dramatically increasing, but so
19 is the severity of asthma and the number of deaths
20 due to the disease. It is the leading cause of
21 hospital admissions for children.

22 Pulmonary function in more than 150
23 fifth and sixth grade children in Tennessee was
24 measured over a two-month. Marked deficits were
25 determined to be correlated with higher ozone

1 Janice Milburn

2 levels. The maximum concentration during this study
3 was .78 parts per million. A study in Brazil, a
4 mortality study of children five years of age and
5 younger revealed that an increase of a mere ten per
6 parts nitrogen oxide to a million parts of air meant
7 the death of eight more children in Sao Paulo.

8 My daughter April has been the family
9 member most severely affected by this disease, and I
10 make these comments directly to many comments from
11 auto manufacturing industry minimally describing the
12 condition of asthmatic children. Her asthma changed
13 our family life. We're strained to the limit both
14 emotionally and financially. She missed up to 60
15 days of school each year. I cannot work to
16 contribute to the payment of her medical expenses
17 because she needed an incredible amount of care. I
18 slept with her much of the winter in an effort to
19 try to avoid hospital visits. By propping her up
20 against my body in a sitting position, she was able
21 to get enough air to rest at least part of the night
22 sometimes. Breathing treatments were frequently
23 required and they had to be administered every four
24 hours even through the night. Numerous other
25 medications had to be regulated and administered.

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1 Janice Milburn

2 Frequently they did not control her asthma, so we
3 would rush to the emergency room and she'd turned
4 gray and unable for to speak for lack of oxygen.
5 Watching your child suffocate is unbearable.
6 Awaiting her at the emergency room were IVs, more
7 breathing treatments, more cortisone, and more of
8 her childhood lost. Our lives were dominated by
9 cleaning breathing machine tubing, checking the side
10 effects of numerous medications she needed, and
11 working to provide the home environment that
12 specialist advised was necessary to protect her
13 lungs.

14 I had no social life. She missed her
15 first piano recital, dance recital, school field
16 trips, special school affairs, pajama parties, et
17 cetera. I had to take her pulmonating breathing
18 machine to school to continue treatments the doctor
19 advised was necessary after serious attacks. The
20 piano teacher commented that she didn't know how she
21 could learned anything because she missed more
22 lessons than she attended. This does not relate to
23 how tired and ill and drained she felt on the many
24 days she pushed herself to attend school or
25 functions when she was really only minimally

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1 Janice Milburn

2 functioning.

3 We had to choose a college based in part
4 on the condition of the dorms. They would aggravate
5 her asthma if they were even minimally damp or
6 moldy. I brought her home from Gettysburg College
7 numerous times with severe asthma attacks,
8 calculating ahead where we could stop for
9 electricity because she might not make it home
10 without a treatment.

11 Despite illness, missed classes, and
12 occasional missed finals, she graduated magna cum
13 laude phi beta cappa. A success story, in many ways
14 yes, but many children don't have her family support
15 system and her incredible will. Their school work
16 falls behind. Socially they have problems because
17 they missed so many activities and certainly school
18 days. Every aspect of their lives is affected by
19 this disease and so are their families.

20 Air pollution causes pain and suffering.
21 According to the American Lung Association, 60,000
22 people die annually due to the detrimental effects
23 of air pollution. Improving our quality by imposing
24 stricter standards for trucks and sports utility
25 vehicles, is not only reasonable, but it is

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1 Hadden Smith - Media Camping Center
2 absolutely necessary. Thank you.

3 MS. OGE: Mr. Smith.

4 MR. SMITH: I want to thank you for
5 giving me the opportunity to come and present here
6 today. My name is Hadden Smith, representing Media
7 Camping Center, an RV dealership with three
8 locations in southeastern Pennsylvania. Media
9 Camping Center has been in the business since 1965
10 selling travel trailers and motor homes.

11 A member of the Pennsylvania
12 Recreational Vehicle Association, PRVCA, which is
13 the state trade association representing the
14 recreational vehicle and camping industry. PRVCA is
15 a non-profit corporation representing around 400 RV
16 dealerships, campgrounds, RV manufacturers, parts
17 suppliers, financial institutions, and service
18 providers.

19 My primary focus here today is our
20 concern over the possibility of the US Environmental
21 Protection Agency limiting the availability of
22 heavy-duty light trucks. Heavy-duty light trucks
23 with a minimum of a 5 liter engine play an important
24 role in towing travel trailers and fifth wheels. In
25 reality 5.7 to 7.4 liter engines are what is really

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1 Hadden Smith - Media Camping Center
2 necessary in heavy-duty light trucks to tow a travel
3 trailer and fifth wheels. Smaller engines and
4 compact vehicles do not have the ability to tow
5 travel trailers and fifth wheels and will present a
6 safety problem on highways if they are the only
7 alternative tow vehicles. Limiting the supply of
8 heavy-duty light trucks with adequate engine size
9 could severely impact the business of selling and
10 servicing RVs, considering the role that the RV and
11 camping industry plays in Pennsylvania. Annually
12 more than \$75 million is generated by activities at
13 Pennsylvania's 375 private campgrounds and 78 public
14 parks. Pennsylvania ranks number three in the
15 nation in the production of RVs by state.
16 Pennsylvania is the home to 39 manufacturers, 189
17 supplier terms, and over 350 RV dealerships like the
18 one I represent. Limiting the production of
19 heavy-duty light trucks will have a negative
20 economic impact on Pennsylvania and businesses that
21 depend on the RV industry.

22 The popularity of towable RVs, which
23 include travel trailers, folding camping trailers,
24 and fifth wheels saw an increase of approximately 15
25 percent from 1997 to 1998 for a national total of

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1 Julie McGreevy - PA Coalition for Vehicle Choice
2 200,000 vehicles.

3 The RV industry has worked hard to
4 ensure that RV's are gentle on the environment. As
5 an RV dealer in Pennsylvania, I am proud of the
6 reputation RV'ers have earned in being considerate
7 and careful of the environment. Along with being
8 considerate to the environment, RV'ers are very
9 safety-conscious and do not want to sacrifice the
10 safety of themselves and others just to save a few
11 dollars or gallons of fuel. To limit the supply of
12 heavy-duty light trucks would put the desire to save
13 a few gallons of gasoline ahead of the safety and
14 lifestyle of RV'ers traveling on American highways.

15 Thank you on behalf of Media Camping
16 Center and PRVCA for the opportunity.

17 MS. OGE: Thank you. Ms. McGreevy.

18 MS. MC GREEVY: Good evening. My name
19 is Julie McGreevy. I'm a State Coordinator for the
20 Pennsylvania Coalition for Vehicle Choice. Our
21 members include such organizations as the
22 Pennsylvania Campground Owners Association,
23 Associated Pennsylvania Constructors, Pennsylvania
24 Vegetable Growers Association, and Pennsylvania
25 State Farmers.

00291

1 Julie McGreevy - PA Coalition for Vehicle Choice

2 We are interested in preserving

3 Americans' right to safe an affordable motor vehicle

4 transportation. Like most Americans, CVC members

5 are concerned about our environment and preserving

6 and improving the quality of the air we breathe.

7 We're also concerned with preserving our personal

8 mobility. Along with developing public policies to

9 address legitimate energy and environmental

10 concerns, we believe the government has obligation

11 to also protect the mobility of Americans and the

12 need of car and truck users for vehicles that

13 provide safe, effective, and affordable

14 transportation.

15 EPA's proposed new emission standards

16 may have some small environmental benefits, but they

17 raise other concerns for those who rely on light

18 trucks and who must pay the bill for new government

19 regulations. Our greatest concern is making sure

20 that new regulations do not interfere with the

21 availability for a wide range of vehicles, including

22 light trucks suitable for heavy-duty hauling and

23 towing.

24 Our members use pickups to carry heavy

25 loads, utility vehicles for towing, or vans for

00292

1 Julie McGreevy - PA Coalition for Vehicle Choice
2 transporting passengers. They depend on the special
3 working abilities of light trucks including adequate
4 engines and suspensions. Because heavy-duty light
5 trucks do more work than passenger cars, they have
6 different engines, different emissions
7 characteristics. The current light trucks are
8 already very clean, but the emissions still aren't
9 quite as low as clean new cars.

10 EPA' proposal would require new cars and
11 light trucks in all size ranges to meet the same set
12 of extremely ambitious emissions limits. That's
13 going to be tough to do for heavy-duty light trucks,
14 especially when much of the technology to meet those
15 ultra-low standards has not yet been invented.
16 We're concerned that the EPA rule will drive up the
17 cost of our vehicles and perhaps reduce performance
18 before some useful models are on the market. That
19 could be counter-productive by discouraging the
20 replacement of older higher emitting trucks with
21 cleaner more efficient models.

22 At a minimum EPA should take every
23 effort to make sure the standards are in fact
24 practically achievable and reasonable cost
25 effective. We recommend adequate lead time to

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1 Julie McGreevy - PA Coalition for Vehicle Choice
2 develop and introduce the new technology. We
3 understand that the auto industry has recommended a
4 independent review of the standards for larger
5 vehicles in a few years, fusing two years into the
6 program to look at such things as technological
7 feasibility, the effect on competitiveness, and
8 whether or not the standards are cost effective and
9 to see if the original schedule still looks
10 practicable.

11 EPA's proposal for heavy-duty vehicles
12 to meet the ultra-low limits by 2009 seems very
13 optimistic. Some groups are pushing for shorter
14 time tables and bans on diesel-powered trucks, but
15 those groups typically show little understanding of
16 or interest in the useful services that light trucks
17 provide. Since current trucks are already quite
18 clean, there's really no downside in assuring
19 adequate time for an orderly transition to produce
20 cleaner trucks for the future.

21 We also believe that EPA should more to
22 emphasize the progress that's already been made in
23 reducing emissions of light trucks and cars and the
24 gains already achieved in improving overall air
25 quality. Some press reports have inaccurately

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1 Julie McGreevy - PA Coalition for Vehicle Choice
2 stated that light trucks have been exempt from
3 federal emission standards, which is most definitely
4 not the case. Others have suggested a growing
5 problem with smog when the statistics show that our
6 air quality have, in fact, improved dramatically.
7 Many press accounts also failed to recognize that
8 cars and light trucks are now a small share of the
9 overall emissions. Most of that is due to older and
10 poorly maintained vehicles. Most areas around the
11 United States are already in or close to compliance
12 with the national air quality standards that are
13 currently enforced.

14 As you know, the revised air quality
15 standards adopted by EPA in 1997 have been
16 invalidated by the courts. Those invalid air rules
17 should not be used as justification for new
18 vehicle rules. Instead, the focus should be on the
19 proposing blending real-world impact on the
20 Americans including cost and mobility as well as air
21 quality.

22 We recommend closer attention by EPA to
23 the cost and benefits of the proposed standards.
24 The cost estimate of 100 to 200 per vehicle seem low
25 especially when much of the technology has yet to be

00295

1 John Guinan - NJ PIRG

2 invented. One independent source has estimated cost
3 of complying with the proposed rules around a
4 thousand dollars. But even if EPA estimates are
5 accurate, that still means an additional cost to
6 American consumers 2 to \$3 billion per year for this
7 regulation.

8 New emissions for new vehicles are
9 already low. The total reduction for the new
10 standards would be relatively small. Coalition for
11 Vehicle Choice members are asking whether we can
12 find other and more productive ways to invest that
13 2 to \$3 billion a year for greater public health
14 benefits. That's something EPA should consider
15 answering before forcing this forward. Thank you.

16 MS. OGE: Thank you. Mr. John Guinan.

17 MR. GUINAN: Good evening. My name is
18 John Guinan. I'm from New Jersey Public Interest
19 Research Group, an environmental and consumer
20 watchdog organization in New Jersey with over 25,000
21 active citizen members. I thank you for the
22 opportunity to present testimony here today.

23 As we're all aware, summer smog season
24 is definitely upon us. This morning we had the
25 opportunity to hear from New Jersey Department of

1 John Guinan - NJ PIRG

2 Environmental Protection's Commissioner Shine. He
3 is well aware of the problems we've had in New
4 Jersey and as well as some of the clean air advances
5 that we've made. I also hold that without Tier 2,
6 some of these victories become less meaningful as we
7 do not take every opportunity we have to clean our
8 air and to reduce pollution from cars.

9 We looked at the data of the last five
10 or six years. 1998, the summer was the worst smog
11 season we've had in the last five years in New
12 Jersey. This is not a New Jersey problem, is it is
13 a regional problem, it is a national problem. But
14 in New Jersey and Philadelphia and in many
15 surrounding areas, 1 out of every 3 summer days it
16 was unhealthy to breathe the air due to high levels
17 of ozone.

18 We also see there was Rutgers University
19 study which showed a 26 percent increase in asthma
20 patients going to the hospital on high ozone days,
21 ozone alert days. And obviously, asthma rates are
22 up dramatically since the early eighties. Clean
23 cars, clean gasoline, it's just absolutely critical.
24 It's essential immediately. Autos are the largest
25 non-industrial source of NOx, 30 percent, and 20

00297

1 John Guinan - NJ PIRG
2 percent of the VOCs.

3 And I certainly applaud EPA's efforts
4 today to make it easier to breathe by reducing air
5 pollution. I want to stress a few things that I
6 would like to see improved, that New Jersey PIRG
7 would like to see improved, before the rule does
8 become final.

9 There should be no special treatment of
10 heavier vehicles. All passenger vehicles, including
11 minivans, SUVs, should meet the same standard at the
12 same time. Larger SUVs should not be given extra
13 time to clean up. Right now the proposal includes
14 the separate schedule for these vehicles, the
15 heavier vehicles. The schedule asks the victims of
16 air pollution to once again to wait for clean air
17 relief. If anything, the time line should be
18 shorter, not extended.

19 Secondly, the proposal does nothing to a
20 clean up super-sized SUVs such as the Ford
21 Excursion. This could lead to increased sale and
22 production of these overgrown passenger cars.
23 Heavy-duty trucks should be required to clean up
24 their emissions as well.

25 Third, the sulfur levels of gasoline

00298

1 John Guinan - NJ PIRG

2 should be lower to 30 parts per million. The
3 current proposal will reduce the sulfur content in
4 gasoline, but allow an extended time table for small
5 oil refiners. Low sulfur gasoline needs to be
6 adopted nationally at the same time of new emissions
7 standards. Certainly, the two cents a gallon makes
8 sense if it ends up in cleaner air, improved public
9 health, reduced hospital bills, et cetera.

10 Lastly, there should be no special
11 treatment of diesel technologies. All vehicles,
12 regardless of engine technology for fuel use, should
13 meet the same public health-related standards.
14 There's no logical justification for special
15 treatment for diesel technologies. I guess the Tier
16 2 proposal created two vehicle categories that would
17 permanently allow diesel engines to pollute twice as
18 much soot as gasoline engines and up to 10 times as
19 much as smog-forming NOx. Given the toxic and
20 likely carcinogenic nature of diesel exhaust, there
21 should be no incentives to increase the amount of
22 diesel vehicles on the road.

23 With the Tier 2 proposal, there's a
24 strong start to reducing air pollution. We need the
25 strongest possible regulations to control our auto

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1

2 pollution.

3

4 I thank you for the opportunity to
5 testify here today.

6

7 MS. OGE: Thank you. Thank you very
8 much. Any questions from the Panel?

9

10 MR. PASSAVANT: I guess just an
11 observation for Mr. Smith. I think there's a pretty
12 big chunk of vehicles that you may be concerned
13 about that are actually in the over 8500 pound
14 weight group that may be looked at in the future,
15 but essentially the standard cuts there.

16

17 MS. OGE: Mr. Smith, what is your
18 definition of these cars or trucks that you're
19 concerned with? What is the weight distribution of
20 these classes of vehicles that you're concerned
21 about?

22

23 MR. SMITH: It's been my observation
24 that gross vehicle weight rating has come down.
25 They've moved that several times.

26

27 MS. OGE: Is it above 8500 pounds?

28

29 MR. SMITH: Yes.

30

31 MS. OGE: What Mr. Passavant was saying
32 is that the rule that we are discussing, Tier 2,
33 covers vehicles up to 8500 pounds.

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MR. SMITH: Well, there are many
vehicles below 8500 pounds that still fit into this
category.

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MS. OGE: I just wanted to tell you for
the record that an additional regulatory packet we
do have two larger pickup trucks in a laboratory,
and to date we have been able by changing the
catalyst to reduce emissions levels of these two
below the level that we are proposing today. So
although we agree with you that we need much more
time in producing lines of trucks, we are very
confident with good gasoline that that the
technology will be there. We do appreciate your
comments and we will take them into consideration.

Any more comments?

Thank you. Thank you very much.

We do have scheduled a break for dinner.
And I was hoping that some of the people that will
be coming here at 7:15 may be here. So I'm going to
call the names. Do we have anybody that is signed
up at 7:15 or later?

So basically, what we will do is we will
convene back to this room at 7:15 to hear the
testimony of the remaining witnesses that did sign

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2 up to testify today.

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(Dinner recess.)

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6

7 MS. OGE: Good evening. I want to
8 welcome back those who were us all day long, and
9 welcome those who have not been here with us all day
10 long.

11

12 What I would like to do is I would read
13 a list of names that I have. If you are in the
14 audience and you are here to testify, we ask you to
15 please go up to the table. Lois Sherman, Ian
16 Taylor.

17

18 MS. BOWEN: He is sick; he will not be
19 here today.

20

21 MS. OGE: Thank you. Sue McNamara.

22

23 MS. BOWEN: I don't think she's here.
24 MS. OGE: Alexa Abercrombie, Cleo
25 Townsend, Mary Lamille, Cristina Alvarez, James
Brown, Abe Haupe, Michael McElvaney, Kevin Scott,
and Sokthol Nhim.

26

27 If you're kind enough to write your
28 names first, and then we can start with Ms. Lois
29 Sherman.

00302

1 Cristina Bowen - MICC

2 MS. BOWEN: My name is Cristina Bowen
3 and I'm speaking on behalf Lois J. Sherman, Barney
4 J. Evans, and David McGuire from the Montgomery
5 Intercounty Connector Coalition, Incorporated.

6 "With this letter, the Montgomery
7 Intercounty Connector Coalition, MICC, wishes to
8 express our concern over air pollution caused by
9 auto emission.

10 "Our collision was established in 1989
11 to prohibit the construction of a highway called the
12 Intercounty Connector, ICC, in Montgomery County in
13 the State of Maryland. The Maryland State Highway
14 Administration's 1997 Draft Environmental Impact
15 Statement, DEIS, reveals that the ICC would increase
16 traffic congestion at several intersections, would
17 not relieve the Beltway or local traffic. Our
18 concern over bringing more cars and pollution into
19 neighborhoods and through environmentally sensitive
20 areas is valid. New roads open up areas for new
21 development which in turn generates more traffic.

22 "Since automobiles are a leading source
23 of the air pollution that threatens our health and
24 contributes to global warming, our MICC collision
25 supports upgrading some existing roads at

00303

1 Cristina Bowen - MICC

2 intersections, improving mass transit, and reducing
3 carbon dioxide pollution from automobiles.

4 "We urge you to: "One, require all new
5 cars to be clean cars. EPA must adopt tough
6 pollution sanctions that require new cars to be at
7 least 89 percent less polluting.

8 "Number 2 is close the SUV loophole.
9 EPA must require new trucks, minivans and sport
10 utility vehicles to meet the same clean air
11 standards as new cars.

12 "Number 3, end special treatment for
13 diesel vehicles. EPA must ensure that special
14 exemptions for higher polluting diesel cars are
15 eliminated from the new regulations.

16 "Number 4, make the low sulfur fuel
17 available nationwide. EPA must reduce the sulfur
18 content of gas across the nation. This will reduce
19 smog-forming nitrogen oxide emissions as much as
20 would removing 54 million cars from the road.

21 "Number 5, increase the use of advanced
22 technology vehicles. EPA must ensure that electric
23 hybrid and fuel cell vehicles are made available to
24 consumers across the nation.

25 "Sincerely."

00304

1 Adam Loiz - Penn PIRG

2 I'm been reading from Lois J. Sherman,
3 Barney J. Evans, and David McGuire, Co-Chairs of the
4 Montgomery Intercounty Connector Coalition.

5 MS. OGE: Thank you. Mr. Loiz.

6 MR. LOIZ: Thank you very much. Good
7 evening. My name is Adam Loiz. I'm here with Penn
8 PIRG, the Pennsylvania Public Interest Research
9 Group. Penn PIRG is a non-profit, non-partisan
10 environmental consumer government watchdog group, a
11 public interest advocacy organization. And I just
12 want to first speak from my own personal experience.

13 While studying at Duke University, I
14 came to realize that our democracy does not
15 function the way it should. Time and time again in
16 the United States, the influence of money and power
17 outweigh the general good.

18 I came to Penn PIRG, to work for Penn
19 PIRG when I graduated because I wanted seek out and
20 fight against instances in which the issues of power
21 for special interests are served at the expense of
22 the public or the whole. In this clean air campaign
23 I found such clear battle. It's clearly the
24 interest of the American people to breathe cleaner
25 air. It is unacceptable for 40,000 American

00305

1 Adam Loiz - Penn PIRG

2 citizens to lose their lives each year due to poor
3 air quality. It is unconscionable that we allow our
4 young children to suffer needlessly by subjecting a
5 rising number of them to a rising number of smog
6 alert days which are preventable.

7 Industry may make dubious claims about
8 their ability to meet these stringent emission
9 standards. But the bottom line is that the
10 technology needed to substantially reduce air
11 pollution from cars exists and is inexpensive. The
12 estimated cost of making a sport utility vehicle to
13 meet the same emission standards of a car is less
14 than 1 percent of the cost of an average SUV. The
15 EPA still has to make that cost of removing 90
16 percent of the sulfur from our fuel, between 1 and 2
17 cents a gallon.

18 Speaking in terms of the potential costs
19 and benefits of the proposal, the cost incurred in
20 terms of hospital bills and missed days at work due
21 to pollution-related sicknesses will easily outweigh
22 the cost of cleaning up our cars.

23 The American public has recognized the
24 sensibility of this proposal and are demanding
25 change. As a director of a citizen outreach campus

00306

1 Adam Loiz - Penn PIRG
2 run by Penn PIRG, I can tell you from personal
3 experience that the citizens I've talk to want
4 cleaner air. They're tired of seeing children go to
5 the hospital. They're tired of having their
6 children miss school. Asthma is now the number one
7 cause of missed school days in this country. And
8 really, most of all, they're tired of it being
9 unsafe to go outside and do something as basic as
10 breathing. And because of this, Americans are
11 willing to pay the cost, the modest cost of cleaning
12 up our cars.

13 An American Lung Association survey
14 which I have here shows that 91 percent of Americans
15 are willing to pay 3 cents more a gallon for fuel to
16 have cleaner fuel. That is more than what the cost
17 will actually be. So really, Americans recognize
18 the problem. They want change. And to not provide
19 that change for them when it is clearly in our
20 interest as citizens when they clearly are demanding
21 it, it's only a completed cycle when we allow
22 special interests to pervert our democratic process
23 and for their interests to be served simply because
24 they have a lot of money and power to throw around.
25 And I find that tragic and that's why I'm here to

00307

1 Adam Loiz - Penn PIRG

2 speak out against it in.

3 In terms, quickly, of the technicalities
4 of the proposal. There are several things about the
5 proposal itself that we applaud, Penn PIRG. We
6 applaud the overall drastic reduction of pollution
7 from cars. 89 percent is a huge step in the right
8 direction, and we certainly think it's about time.
9 And I find that it, it seems to be coming along.

10 We applaud the closing of the SUV
11 loophole. Right now, SUVs are, as we all know, used
12 as passenger vehicles just like other cars. While
13 before it was thought that because of work-related
14 purposes that curbing their emissions might actually
15 curb their performance or they were given special
16 exemptions. Right now it blatantly obvious that is
17 not needed. That is not the case that SUVs are used
18 for that purpose. We all know they are used more
19 for trunk loading rather than for heavy loading. So
20 we do applaud the closing of that loophole, and we
21 feel that it's long overdue and certainly necessary.

22 And then finally, we also clearly
23 applaud the introduction of cleaner gasoline into
24 the entire country. Really, it's so important to
25 remove the sulfur from our fuel, not only because

00308

1 Adam Loiz - Penn PIRG

2 sulfur pollutes the air directly, but also because
3 sulfur is poison to pollution control systems in the
4 automobiles. So even if you start out with a car
5 that is quite clean in the beginning, by putting
6 dirty fuel into it, in a few years the car will not
7 be nearly as clean. All the advanced technology and
8 all the improvements that you made on the car itself
9 are really for naught. And so that is an absolutely
10 crucial part of the proposal.

11 However, there are several things that
12 we believe should be strengthened. First of all,
13 the time lines in the proposal seems to be a little
14 bit generous, I guess you could call it, to the
15 industry represented here. First of all, there is
16 no reason in the world why we should make the
17 American citizens wait a full decade until 2009 to
18 clean up our larger sport utility vehicles. That
19 simply doesn't strike me as -- I know it's not
20 necessary because we've had sport utility vehicles
21 that large tested in labs where we know the
22 technology exist to curb their pollution standards
23 now. An entire decade is not needed, it's not call
24 for. How many lives are going to be lost? How many
25 children will sulfur in that decade that could have

00309

1 Adam Loiz - Penn PIRG

2 been avoided? It doesn't really seem to make any
3 sense to me.

4 The other thing is that we are not
5 forcing our largest SUVs to clean up at all. To me,
6 this seems like a perverse incentive, really asking,
7 begging car companies to make their cars and trucks
8 larger and larger to have them avoid the standards
9 as they exist right now, basically giving them
10 incentives to put out vehicles that get lower and
11 lower gas mileage. We see the new Ford Excursion
12 which is on the way out now. It gets about 12 miles
13 per gallon, seats nine in case you want to take your
14 baseball anywhere. Really, it seems to be setting
15 up a terrible precedent. So if we don't have to
16 clean up the largest dirtiest vehicles, then we can
17 all expect the second to largest vehicles to creep
18 up into that category until pretty soon our largest
19 vehicles will become as popular as now our Ford
20 Explorers are.

21 So we also really would like to see a
22 more sincere end to special treatment for diesel.
23 Certainly, there has been some steps in that
24 directions, but there's no reason to allow diesels
25 to have any exemptions and be allowed to pollute

00310

1 Adam Loiz - Penn PIRG

2 anymore than any other technology.

3 And then really, we strongly urge you,
4 in closing, the technical aspect is that we are
5 aware that the auto industry is looking for some
6 kind of escape hatch. We would like to have what
7 they call a technological review to happen somewhere
8 down the line and to give them the possibility of
9 getting out of these new standards. To me, it seems
10 really a little bit strange to ask for this review
11 given the fact that we know the technology really
12 exists today to do this in a cost-effective manner.
13 So why in three or four or five years would the
14 technology all of a sudden disappear and now we will
15 not be able to do it and need to be let out of the
16 responsibilities to clean their cars and save
17 American lives? It does not seem to make sense, and
18 there is really no reason to give them an escape
19 hatch if we all know it will be clouded in politics
20 in the future. And I just don't really see any
21 reason to leave any possibility open. We could miss
22 the incredible chance that we have right now to
23 really do a wonderful thing for the American public
24 and literally protect our health in a major way.

25 So I'd like to close by applauding EPA

00311

1 Alexa Ambercrombie - Sierra Club
2 and saying that it's a great step forward. I hope
3 that EPA, President Clinton, and everyone involved
4 here had the courage to stand up to industry
5 interests and really represent the people and make
6 sure that what we fight for at Penn PIRG does come
7 through this time and that we make sure the American
8 people are represented here and not powerful special
9 interests. Thank you.

10 (Applause.)

11 MS. OGE: Thank you very much. Ms.
12 Abercrombie.

13 Ms. ABERCROMBIE: Good evening and
14 greetings from the Endangered Species Coalition
15 conference I attended in Washington last week on
16 behalf of Sierra Club.

17 So many species, plants and animals,
18 depend on clean air. Driving north from Baltimore I
19 kept seeing signs posted over Route 95, "ozone
20 alert," "car pool," "refuel after dusk." Globing
21 warming has begun, ladies and gentlemen, let's take
22 this opportunity to face it. I now come from
23 Florida where 30 to 50 native panthers struggle to
24 survive because 700 people like me abandon the north
25 every week for sunny paradise. We bring our

00312

1 Alexa Ambercrombie - Sierra Club
2 baggage, our cars, our lifestyles, smog,
3 development, and pollution, and the Florida panther
4 is backed into a corner of the dry degraded
5 Everglades. And the black bears keep trying and
6 failing to survive crossing the roads that cut
7 through their habitat. What we love about Florida
8 is being lost by the hour because of our presence.
9 We love our cars, the freedom they give
10 us, they're cool sanctuary from the merciless sun.
11 Some say transport will run on clean renewable
12 energy, but until then, I urge you, please, to do
13 the right thing for all of us, human and plankton
14 and everything in between, by closing the loopholes
15 that allow the popular SUVs to pollute three to five
16 times more than ordinary cars, that exempt light
17 trucks and minivans emission standards, that condemn
18 us to the black smoke of uncombusted particulates
19 that lodge in our lungs. I just road behind a
20 diesel bus, again. It's pretty bad.
21 As an environmental technology major in
22 this town, I learned that you can't win burning
23 gasoline. The temperatures that combust nitrous
24 oxides the best are not the same that handle sulfur
25 oxide the best. You can burn one or the other but

00313

1 Alexa Ambercrombie - Sierra Club

2 not both because they burn best at different
3 temperatures. There is a solution to lower the
4 sulfur content in gasoline from 300 parts per
5 million to 30. We Easterners will not return home
6 from our tour of the great west with dirty catalytic
7 converters. Americans overwhelmingly want a clean
8 environment. We are proud of our leadership and
9 environmental standards. We love the diversity of
10 our country, and we are willing to pay a few hundred
11 dollars more to postpone the day Florida slips below
12 sea level.

13 We need a national standard. More cars
14 are built and sold by the minute. With the effect
15 of Tier 2 standards would be magical, miraculous as
16 if 166 million cars suddenly disappeared. We are
17 world leaders. We have the opportunity as well the
18 obligation to make our vehicles 77 to 97 percent
19 cleaner than they are today.

20 Super-heavy vehicles like the Ford
21 Valdis must be improved in the Tier 2. The asthma
22 sufferer, the acidic lake, the stressed crop, the
23 smoggy national park, the critters with brains the
24 size of pea and million-year legacies now in
25 jeopardy, we all will have a chance to use our

00314

1 Kevin Scott

2 knowledge and our will and our good faith and the
3 Environmental Protection Agency lived up to its
4 name. Thank you very much.

5 (Applause.)

6 MS. OGE: Thank you.

7 MS. OGE: Mr. Kevin Scott.

8 MR. SCOTT: Good evening. I want to
9 thank the EPA for giving me the opportunity to share
10 my thoughts this evening. I'm just here
11 representing my own views as a citizen and taxpayer.
12 And I do highly regret that we didn't have more of
13 the industry representatives stick around for my
14 testimony this evening, because I would have liked
15 for them to hear what I have to say as well.

16 MS. OGE: You are welcome to come
17 tomorrow.

18 MR. SCOTT: Should I repeat the same
19 testimony tomorrow?

20 MS. OGE: You can if you want to.

21 MR. SCOTT: Okay, I'll consider that.
22 Maybe I can do that.

23 MS. OGE: Go ahead with your testimony.

24 MR. SCOTT: First of all, I want to
25 commend the EPA for taking this very significant

00315

1 Kevin Scott

2 step toward reducing air pollution. We know that
3 tens of thousands of Americans die prematurely each
4 year as a result of air pollution, while millions
5 more sulfur illness because of it. It's therefore
6 tragic that we'll have to wait years before we see
7 these reductions. These deaths and illnesses are
8 all the more tragic considering that the oil and
9 auto industries could have easily attained these
10 reductions and pollution years ago but have thus far
11 chosen not to do so. So unlike those who become ill
12 and die from smoking cigarettes, a choice that they
13 themselves have made, the victims of air pollution
14 suffer as a result of choices made by others.

15 Well, given that people are dying and
16 getting sick from air pollution and given that the
17 oil and auto industries are capable of doing
18 something about it, the question arises, well, why
19 haven't they already done so? The answer is simple:
20 Money. Unfortunately, these corporations that focus
21 on the bottom line while ignoring their
22 responsibility to the society.

23 The oil and the auto industries have
24 fail to voluntarily make the relatively modest
25 investment necessary to mitigate the harm that their

00316

1 Kevin Scott

2 products cause to our health. That's why they must
3 now be required to do what they could have and
4 should have done long ago. But while the
5 industries' lack of initiative in reducing harm from
6 their products is at best irresponsible, their
7 coming here today in an active attempt to derail,
8 delay, and weaken the Tier 2 standards is
9 unconscionable. EPA proposal's is more than
10 generous in giving the industries plenty of time to
11 meet the standards at a minimal cost. What the
12 industry representatives are really saying is that
13 any cost which affects their current record-breaking
14 profits, no matter how slight, is unacceptable to
15 them and that they don't care about our health. I
16 find this level of greed and disregard for human
17 health and safety to be shocking and appalling, not
18 only on a corporate level, but on an individual
19 level. I think that every single person who's come
20 here today to oppose the Tier 2 standards should be
21 ashamed of themselves.

22 For the record, no one is paying me to
23 be here. I wonder what the industry reps are being
24 paid. I hope it's a lot. I hope they haven't sold
25 out everyone in this country for a pittance.

00317

1 Sharon Strauss

2 However much money it is, I wonder how they live
3 with themselves. I wonder how they look their
4 neighbors in the eye knowing that they're actively
5 working to endanger those people's health. I wonder
6 how they face their families knowing that if their
7 efforts are successful, they're likely to harm the
8 health of their own children for money.

9 We all breathe the same air. No one has
10 the right to force me to breathe their pollution,
11 not when it's so unnecessary and not just to
12 maintain their profits.

13 Ladies and gentlemen of the EPA, I ask
14 you and everyone at EPA to remember the importance
15 of the mission, to protect human health. Americans
16 want clean air. More to the point, Americans need
17 clean air. I urge the EPA to stand strong against
18 these disingenuous and amoral efforts of industry
19 and adopt the strongest possible Tier 2 standards.
20 Thank you.

21 MS. OGE: Thank you.

22 (Applause.)

23 MS. OGE: Sharon Strauss.

24 MS. STRAUSS: Hi. I'm Sharon Strauss
25 and I'm here speaking on my own behalf as a citizen.

00318

1 Sharon Strauss

2 I found out about this hearing only recently through
3 the Clean Air Council. They sent an E-mail. And I
4 don't really have a nice long prepared speech like
5 these other fine speakers you've heard before. But
6 I still wanted to put in my two cents as a citizen,
7 first, to thank you for the proposal to improve air
8 quality. I don't have a car personally. I'm a
9 bicycler and a pedestrian and take public transit.
10 And this is a choice for a variety of reasons, one
11 of which is that I feel that this is a good thing to
12 do as citizen not to contribute to the pollution and
13 the other problems caused by driving a vehicle which
14 has the pollution and accidents that I think
15 decreases the quality of our communities when we
16 have nothing but cars driving by on the roads
17 instead of nice, quiet, happy people playing in the
18 streets as I sometimes hear out of my window. And I
19 think that anything that we can do to make -- I
20 understand everyone in this country, except for
21 perhaps me, seem to love their automobile. And we
22 all want to drive, except for perhaps me. But I
23 don't think it's fair that just because we want
24 drive and we love our automobile that we should be
25 able to do so at a dirt bottom cost that I'm

00319

1 Sharon Strauss

2 subsidizing. If you're driving a car and you're
3 emitting lots of fuel into the air, the very least
4 that I feel people can do is pay a few extra cents
5 to burn cleaner fuel so that all of us, whether we
6 drive or not, get to breathe good air. And you
7 know, that's pretty much all I have to say on the
8 subject. So I thank you for your proposal in as far
9 as it goes, and if you could make it be better, that
10 would be great. But anything is a step in the right
11 direction. Thank you.

12 (Applause.)

13 MS. OGE: I'd like to thank each one of
14 you to for taking the time this evening to come and
15 share with us your views about this very important
16 program. And also I would like to thank you for the
17 words of encouragement and support that I have heard
18 from all of you. Thank very much.

19 I don't know if we have any other
20 members of the public that would like to speak at
21 this time. If you don't mind, if you can go up to
22 the table, please, and state your name and who you
23 represent.

24 Anybody else that is interested in
25 speaking this evening?

00320

1 Randy Hester

2 MR. HESTER: My name is Randy Hester.

3 I am a private citizen, but I felt it was important
4 to me be here. As an American, I feel it's one of
5 my inalienable rights as an opportunity to have a
6 voice and I'm so very glad to have this opportunity
7 today.

8 I haven't really prepared anything, but
9 my feelings are really strong. And I think that one
10 of the things I'm proud about as an American is the
11 ability to -- you know we have the phrase, life,
12 liberty, the pursuit the happiness, and that's
13 inalienable right that we have.

14 Life is listed first, quality of life.
15 And I think about my quality of life living in
16 Philadelphia. I own a car. I have a General Motors
17 car, and my health, you know, my quality of life
18 goes hand-in-hand with health. Right now my health
19 is not the best. I have asthma and so I'm affected
20 by smog and by soot. And, you know, I don't have a
21 lot of medical background, but it doesn't take a
22 rocket scientist, I feel, to put two and two
23 together that the smog in the area is directly
24 related to the emissions from the cars. So I feel
25 from very strongly about there needs to be a change

00321

1 Randy Hester

2 that has to happen here.

3 And also, I'm a social worker and that's
4 why I have an opportunity to interact with people in
5 a variety walks of life on a daily. I've done a few
6 different things in my time as well. And I feel
7 that just in talking with folks, that I'm not alone
8 in my feelings. People really, really, really want
9 to see an improvement in the quality of the air.

10 There's also a desire -- I have a desire
11 to not be so tied to my car, but my reality is I
12 need my car. I need my car for my work. So if I'm
13 going to drive my car, I want to do my part to see
14 that it pollutes as little as possible.

15 I feel that we have a great opportunity
16 here to make some positive change happen with this
17 proposed legislation. The technology is there. We
18 lead the world in technological savvy. And, you
19 know, maybe the folks in Japan or Germany would
20 doubt about our folks in Detroit, but I think that
21 definitely Chrysler, General Motors, and Ford have
22 the ability technologically speaking to make a
23 cleaner car. And I feel very strongly that as a
24 citizen, as a car owner, and General Motors car
25 owner that they have an obligation to me to do that.

00322

1 Randy Hester

2 I would like to think in a perfect world
3 with corporate responsibility that they will take it
4 upon themselves to take these steps without being
5 pushed and prodded, but that's not the reality.
6 Companies need to be pushed. We have an opportunity
7 here to raise the bar by raising emission standards,
8 by making it, not only my right, but the companies'
9 legally responsible for making cars that meet
10 tougher emission standards.

11 The reality today is that 50 percent of
12 all cars sold in the country, and I used to work for
13 a company, 50 percent of cars sold in the country
14 are now SUVs. So I feel that there's something
15 illogically speaking where SUVs do not have to meet
16 the same emission standards. That loophole needs to
17 be closed, and it can be. And again, we have the
18 technology to do that, to make cleaner cars, cleaner
19 SUVs, and a big part of that is burning cleaner gas.
20 In order to make a cleaner car, we have to have
21 cleaner fuel to put in it so that it can remain
22 clean.

23 I lived in Canada for four years. I've
24 traveled through Europe. I used to pay \$2 a gallon
25 for gas. When I was in Italy I paid \$4 a gallon. I

00323

1 Randy Hester

2 can pay 10 extra cents for a gallon of gasoline. I
3 believe a lot of it is mind-set, you know. I think
4 we all have the desire to breathe cleaner air. We
5 want to see the environment be cleaned up. We'd
6 like to have a cleaner planet for our children and
7 our children's children, but sometimes maybe we get
8 overwhelmed by the realities of the situation can
9 seem dark, you know.

10 But I don't see this as a big deal. I
11 see that the legislation can be passed. The cost is
12 going to be negligible. Again, I feel that General
13 Motors, Ford, and Chrysler owe who it to me as an
14 American and as an American car owner, I choose to
15 buy American, I feel that they have a corporate
16 responsibility to me to be willing to not only meet
17 the standards that we are proposing with this
18 legislation, but to exceed them.

19 And I also feel that by getting this
20 legislation passed, I think that it's not only going
21 to -- it's going push them along that way to do
22 that. So I really want us to get this passed. And
23 I don't want to wait 10 years. I don't want to wait
24 10 years. It's affecting my quality of life today.
25 I wish it could have happened yesterday. So I want

00324

1 Randy Hester

2 it passed as soon as possible. It's really
3 important to me.

4 As far as diesel fuel goes, I don't have
5 the knowledge there, but I've followed enough buses
6 in my time, I've rode enough buses in my time. I
7 don't think there should be any exception for diesel
8 burning engines or vehicles as well. Those need to
9 meet strong clean air standards.

10 So I really hope as you listen to
11 testimony from all sorts of different folks that you
12 will be able to really make positive change happen
13 come August.

14 Again, anybody here from the auto
15 industry, I don't think that my view is not
16 uncommon. I think that people really want this and
17 people are willing -- even if there is a cost,
18 people are willing to pay a bit more so that they
19 can feel that their doing their part as citizens to
20 provide a cleaner environment for future
21 generations. But again, not only that, but there's
22 also an expectation that you folks do your corporate
23 responsibility and really heed our wishes in this
24 matter. Thank you.

25 MS. OGE: Thank you.

00325

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(Applause.)

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MS. OGE: Well, this concludes the first
day hearing in Philadelphia, and we will be meeting
back in this room tomorrow at 9 o'clock.

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(Hearing adjourned at 7:50 p.m.)

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I HEREBY CERTIFY that the foregoing
proceedings of the United States of America
Environmental Protection Agency Public Hearing on
June 9, 1999, were reported fully and accurately by
me, and that this is a correct transcript of the
same.

Bernadette Black, RMR

Lisa C. Bradley, RPR